

FINANCIAL TIMES



Saudi Arabia

Dhahran bomb: a cry for reform

Supercomputers

Bugs bedevil US trade policy



Sponsorship Identifying with the fans



seen in 1995.

Weekend FT Rebuilding Colossus

World Business Newspape

BAe and Matra win bid to supply missiles to UK



BAe and Matra of France won a £600m (\$936m) contract to supply cruise missiles to the British govern-ment, in a deal which clears the way for the companies to complete the merger of their missile divisions. US aerospace giant Lockheed Martin and the General Electric Company lost out to British Aerospace for a £1.8bn contract to supply the UK with maritime patrol aircraft to replace the ageing Nimrod aircraft (above). Page 18; Defence contracts stay at home, Page 6; Editorial Comment, Page 17

International Business Machines followed Microsoft and Compaq Computer in reporting better than expected results, raising hopes of a recovery in technology shares. Shares in the world's largest computer group rose 10 per cent after second-quarter earnings of \$1.3hn compared with \$1.7nn a year ago. Page 15; World stocks, Page 36

Bundesbank rejects rate cut: The Bundesbank surprised financial markets by not lowering its securities repurchase rate after signalling a planned cut to shore up the dollar and help the hesitant German economy. Page 2

Commerzbank profits up 48%: Profits at Germany's third biggest commercial bank, Commerzhank, jumped 48 per cent to DM1.32hn (\$887m) in the first six months and said rapid growth was expected to continue, Page 22

Toy sellers urged to monitor suppliers: Toy companies selling products made in Asia are being pressed to set up monitoring bodies to improve working conditions among their suppliers, in a campaign begun after a fire in a toy factory in Thailand killed 188 people in 1993. Page 3

Dole unveils economic policy: US Republican presidential contender Bob Dole started detailing his long-awaited economic plan, which could include a tax cut of as much as \$600bn over six

Walt Disney credited its theme parks and The Rock and The Hunchback of Notre Dame for a 25 per cent rise in net income for the third quarter

Clinton urged to end trade disputes: Japanese prime minister Ryutaro Hashimoto has urged US president Bill Clinton to help settle two trade disputes before next week's deadline. Page 3

Samsung 'spies' arrested: Two Samsung Aerospace officials have been arrested for allegedly obtaining classified military procurement plans, including proposals for an air surveillance system.

Kantor hits at bribes for contracts: US commerce secretary Mickey Kantor said companies this year had lost contracts worth \$20hn due to bribes from competitors, as corruption in trade and government procurement worsened internationally.

Algerian Jet hijacked: Security forces arrested a lone hijacker who seized an Algerian airliner carrying 232 passengers at Oran airport east of Algiers, no injuries were reported.

Man dies in Ukraine nuclear accident: Two accidents in three hours at a Ukrainian nuclear power station 300km (180 miles) west of Kiev, killed a man, causing contamination and sparking fresh concern about safety 10 years after the Chernobyl

S African court backs apartheld pardons: A South African court rejected attempts by the families of murdered activists, including Steve Biko, to prevent apartheid killers being pardoned if they

Cricket: Pakistan made 290 for nine on the opening day of the first Test against England at Lord's, London. Inzamam-ul-Haq was top scorer

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FRIDAY JULY 26 1996 Philips to cut 6,000 jobs in shake-up

Restructuring of audio and video business follows sharp fall in profits

Philips, Europe's largest elec-tronics manufacturer, yesterday launched a radical restructuring of its troubled audio and video equipment business which will result in the loss of 6,000 jobs.

The shake-up follows a sharp drop in profits at Philips which has been hit by falling demand in its main western markets. It comes just five years after the Dutch group embarked on a worldwide cost-cutting pro-gramme which has led to the loss of thousands of jobs.

After taking a charge of Fl 760m (\$455m) to cover the cost of job cuts, Philips slid into a

since 1992, Attributable losses in the three months to June were F1456m compared with profits of F1583m in the same period last

Announcing the results at the company's Eindhoven headquar-ters, Mr Dudley Eustace, chief financial officer, would not say where the job cuts in its Sound & Vision unit would fall. They represent 15 per cent of the divi-sion's employees, or 2.2 per cent of Philips' total workforce.

But Mr Eustace said that major parts of the business would be transferred to lower cost coun-

tries. Philips aimed to build a group of core suppliers similar to those clustered around Japan's

The move marks a departure for Philips, which has prided itself on producing in-house almost everything it needed.

Philips Sound & Vision makes television sets video resents. television sets, video cassette recorders and audio equipment.

It has large factories in France, Belgium, Austria and the US, and includes the German consumer electronics subsidiary, Grundig, where Philips has said it will not support losses after this year.

Philips' net profits before the write-off were Fl 304m for the second quarter, down 47.9 per cent. The decline - to F10.89 a share from Fi 1.72 - came in spite of a 10.3 per cent rise in sales to

FI 16.17bn.

In Amsterdam, Philips shares touched a 1996 low of F145.50 before rebounding to close F12.90 higher at F151.30 as investors welcomed the determined nature of the changes. Even at that level, however, the share price remains 11.5 per cent down on the start of the year.

The group warned that full

profits of Fl 269m. Components and semiconductors, the second largest product group, contributed income of FI 908m, a drop of 18.6 per cent.

from normal activities

FI 681m compared with FI 1.13bn. This in part reflected a slide into

an operating loss of Fl 92m at the

mainstay consumer products side of which Sound & Vision forms a

part, down from 1995 interim

year net earnings before extraor-dinary items could no longer be the commodity computer chips which have been worst hit this expecied to match the Fl2.68bn year, the industry slowdown has spread to the application specific integrated circuits it produces. For the first half, net profits

The poor chip market has also thwarted the intended sale of part of its 35 per cent stake in Talwan Semiconductor, which Philips had hoped to achieve by the autumn. Such a move could have buoyed full-year profits by hundreds of millions of guilders

> Philips unit slims, Page 22 World stocks, Page 36

US air security to be stepped up after disaster

President Bill Clinton yesterday announced new air security measures after consoling grieving families of the victims of last week's TWA crash, while investigators promised rapid results from their examination of the aircraft's two "black box" data recorders.

In an effort to meet mounting public concern over air safety, Mr Clinton said baggage searches and screening of aircraft flying to and from the US would be intensified. Searches would apply to "every cabin, every plane, every cargo hold, every time", a grimfaced mesident announced.

But Mr Clinton, who were a the victims, stressed that the measures did not indicate the TWA crash was definitely the result of terrorism. "We do not vet know what caused 800 to crash, whether it was mechanical failure or sabotage," he said. Earlier, Mr Clinton and his

wife Hillary had met victims' relatives, allowing them to vent their frustration over the slow pace of the investigation and delays in recovering bodies. Eight days after the crash of TWA flight 800, which killed all 230 people on board, only half the bodies and about 1 per cent of the wreckage had been recovered. One relative said he found Mr

Clinton "very reassuring". His decision to visit the families was taken only after days of debate among his aides, who wanted to avoid the accusation that the White House was exploiting the tragedy for political ends. Mr Clinton has been

publicly grieving at the gravesides of other recent air crash victims, including the commerce secretary, Mr Ron Brown, and by appearing grim-faced at the site of a black church borning.

Mr Clinton was keen yesterday to go beyond consolation and ease the concerns of nervous American air travellers. Security on US domestic flights is notoriously lax, largely limited to a few cursory questions to travellers, the use of metal detectors on hand luggage and spot checks for explosives by sniffer dogs. Investigators were hoping yes

terday that examination of the "black boxes" - cockpit voice and flight data recorders - would yield vital information but initial new information. They said they expected to release more definitive results of the examination by late last night.

Navy divers recovered the recorders from 100 feet of water in the Atlantic at around midnight on Wednesday. They were rushed to Washington, where the battered boxes were displayed to journalists. Investigators said the tapes did not appear to have been If terrorism is definitively

proved to have been the cause of

the disaster, Mr Clinton could come under pressure to take retaliatory action. Writing in yesterday's Washington Post, for-eign affairs columnist Jim Hoagland advocated tough measures against terrorists. "The US goveroment has a moral and political obligation to prevent known killers from sitting comfortably in Benghazi or Damascus and benefiting from having shed American blood," he wrote. criticised for "grandstanding" by



Armed soldiers yesterday cut off streets in Bujumbura as the Tutsi-dominated army seized power in Burundi. The army appointed its candidate for president, replacing the Huti incumbent who has been sheltering in the US embassy, and disbanded parliament. A resident said: "It looks like all hell has broken loose," Report, Page 4; Editorial Comment, Page 17

Hyundai to build S Korean steelworks

By John Burton in Secul and fan Wagstyl in London

Hvundai vesterdav said it would press ahead with plans to build South Korea's second-largest integrated steelworks at an esti-mated cost of \$10hm, despite fears of a steel glut in Asia.

The company, Korea's secondlargest conglomerate, said it would lower production targets for its project in response to government fears of excess capacity.

However, it still plans to raise output by 8.3m tonnes a year from the 3.7m tonnes already pro-duced by its subsidiary, Inchon Iron and Steel. Mr Chung Mongkoo, the Hyundai group chairman, said another steel facility would boost the country's com-

(Posco), Korea's state-owned producer, and other regional steel companies, especially in Japan and China. Last year Korea produced 36.8m tonnes of steel, compared with Japan's 101.6m tonnes and China's 93m tonnes. Japanese producers have been

steadily cutting output in recent

years in response to sharp rises

tions by any substantial increase in Korean exports.

The Korean government has tried to block the Hyundai steel project because of worries about excess production capacity, although the trade and industry ministry recently indicated it might allow the plan to proceed. Steel plate produced by

Hyundai's plans are causing in China's production and could the intergrated mill is to be concern at Pohang Iron & Steel be forced to make further reductions supplied to the car and shipbuilding subsidiaries of Hyundai. which is Korea's biggest consumer of steel.

Hyundai's proposed 8.3m tonnes annual output increase compares with its original target of 9m tonnes. The planned expansion will begin in 1998 and be

Continued on Page 18

ICI blames tougher trading conditions as profits fall 43%

By Jenny Luesby in London

Imperial Chemical Industries yesterday announced 2,700 joh losses as part of an efficiency drive to cut more than 5,000 jobs in a sluggish European market. The move came as the group unveiled a 43 per cent decline in

pre-tax profits in the second quarter, to £165m (\$257m), on sales of £2.73bn. Trading conditions had been "considerably tougher than anticipated", the group said, prompting it to accel-erate its productivity drive.

However, its problems had not been centred in the UK. The volume of UK sales rose by 3 per cent in the first half, and the British decorative paints market was one of the group's few areas: of profit growth in the second quarter.

The blow came from continental Europe, where sales volumes fell by 9 per cent, and from a worldwide slump in chemicals prices, notably those of polyester, titanium dioxide and chlorine.

Solvay, Belgium's largest chemicals company and a leading plastics producer, also reported a 28 per cent decline in net earnings, to BFr6hn (\$191m), in the

first half of this year.
This represented a considerable advance on the weak performance in the second half of last year, the group said, largely as a result of restructuring in its alkalis and peroxygens busine However, profit growth in 1996 remained dependent on an upturn in Europe, and particu-larly in the German construction

Mr Charles Miller Smith, ICT's chief executive, said German industrial demand had been an acute problem across the chemi-cals industry, as had continuing competitive pressures from Aslan

ICI's efficiency programme was now on target to deliver savings of 2400m a year by the end of next year.
Most of the 2,700 job cuts would

jobs disappearing as a result of a rationalisation of the lossmaking explosives business. A further 600 would come from the paints division, in Europe, the US and Australia, and roughly 300 would be from the acrylics business, mostly in the UK.

These figures are in addition to 1,400 jobs that have been lost already this year, and further cuts, such as 700 jobs at ICI sub-sidiary Tioxide, for which no exceptional charges are being

The efficiency programme will also rationalise ICI's 53,000 suppliers and upgrade the group's manufacturing facilities. As a gesture of confidence in

the group's improved outlook, it proposed an 8.7 per cent increase in its interim dividend, to 12.5p.

This did not prevent analysis from downgrading profits fore-cast for the second time in a month, settling at around £700m for this year and £800m for next year, ICI achieved pre-tax profits of £951m last year.

fall in the US, with nearly 2,000 CONTENTS

This announcement appears as a matter of record only £46,140,000 SALE OF TO The Management and Employee Buy-Out of London General in 1994 was led, structured, arranged and underwritten **HSBC Private Equity Europe Limited** Vintner's Place, 68 Upper Thames Street, London EC4V 3BJ

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EUROPEAN NEWS DIGEST

EU progress

on budget cuts

EU budget ministers were last night making progress on a plan to reduce the EU's 1997 budget by more than Ecu2.5bn

reach a compromise which would achieve across the board

countries, notably Spain, about reductions in regional aid.

savings while allaying concerns among Mediterranean

(\$3.1bn) in a race to meet the targets for economic and monetary union next year. France was spearheading efforts to

The plan is to shave Eculbn from the Ecu42bn farm budget

and Eculbn from Ecu20bn in aid to poorer regions, chiefly to

claw back national contributions to the Ecu90bn EU budget.

At the budget ministers' meeting in Brussels, the European Commission joined the European Parliament in pressing the

case for austerity this year in return for an extra Ecul 2bn in

well as EU research and development projects. The majority of

1998 and 1999 to fund trans-European transport networks as

countries support the idea, but Britain and Germany have

Mr Detley Samland, chairman of the parliament's budget

UK cautions on Helms-Burton

breaking ranks with its EU partners, said yesterday it was

prepared to consider EU proposals for joint retaliation against the US following the passage by Congress of the Helms-Burton

The Foreign Office cautioned, however, that the forthcoming

European Commission proposals lay in a "complicated legal area" and would need careful study. "We do not rule out the need for action at the EU level," a spokesman said.

He insisted Britain had been at the forefront of moves to

which authorises private court action against foreign companies "trafficking" in confiscated Cuban assests. "We

legislation designed to protect EU companies against the

provisions of Helms-Burton, and we look forward to seeing these when they emerge," he added.

Bruce Clark, Lon

Fall in number of French banks

The number of French banks and other credit institutions has

fallen by a third in 10 years and many have changed hands in

know the Commission is working on proposals for EU

promote joint EU action in response to the Helms-Burton Act,

Britain, in a move to counter the impression that it was

traditionally has the final say.

committee, was satisfied with the talks' progress and said he had won an agreement in principle to shift funds allocated to farm and fisheries into a "reserve". This would give MEPs a partial say in areas of spending where the Council of Ministers

Lionel Barber, Brussels

Bruce Clark, London

Bundesbank opts to sit on its hands

The Bundesbank yesterday confounded financial markets by deciding not to lower one of its key interest rates, having previously sent out signals that it planned a small cut to shore up the dollar and help the hesitant German econ-

It left the securities repurchase (repo) rate at 3.30 per cent, where it has been since February, and said its next four weekly repo auctions would be held at the same rate. It gave no explanation for the decision after its last council meeting before the summer

As expected, the Bundesbank did not alter its 4-7 per cent target range for money supply growth, though this has been considerably overshot. It said the rapid growth of M3 was slowing down and should continue to do so. In June, M3 rose at an annualised rate of 9.6 per cent, having been above 12 per

cent in the spring. Economists said the decision to leave the repo unchanged was a surprise after the Bundesbank's hints. Mr Hans Tietmeyer, the Bundesbank's president, had indicated there was scope to move down the repo rate, which the bank uses to steer money markets. Other members of the central bank council had also pointed markets in this direction.

They could have handled it a bit better," said Mr Julian Jessop, economist at Nikko Securities. He thought the long-term assets and thus out Bundesbank might still cut the of M3.

rates rose - but probably by a larger amount than if it had acted now. The repo was left at its present rate when the bank lowered the discount and Lomhard rates by 2.5 per cent and 4.5 per cent respectively in

Mr Otmar Issing, a Bundes-bank council member, said suggestions that the repo might be allowed to fall had been based on the possibility that M3 ease to an acceptable "That condition was not fulfilled". However, he said the bank would still see if there was scope to lower interest

Ms Alison Cottrell, economist at PaineWebber Interna-tional, called the Bundesbank's behaviour "a bit bizarre". It was not the decision that was odd, but the way it had been preceded by a stream of state-

"They took the horse to water and then pulled the trough away," she said. The Bundesbank said M3

remained its main yardstick for monetary policy, though short-term volatility had made it harder to meet yearly targets. Its medium-term view of the money supply trend took account of this.

It also said that uncertainty about long-term interest rates and volatility on capital markets had hindered monetary capital formation, in which funds are moved out of short-term deposits into

The Social Democrats, how-

ever, want the restitution pro-

posal to be put before parlia-

ment, where it would probably

be thrown out. But they failed to have the issue added to the

policy programme Mr Klaus

presented to parliament this

The confidence vote came

after a day of some drama in

walk-outs and an attack on the

country's 250,000-strong Roma

(gypsy) minority that shocked

MPs with the vehemence of its

The speech by Mr Miroslav

Sladek, leader of the far-right

Republican party, which has 18

seats in parliament, prompted

a mass walk-out by angry MPs.

had been wavering over

whether to oppose the

confidence motion said that

the speech had convinced them

to go absent rather than be

seen to vote against the gov-ernment alongside the Republi-

When the time came for the

vote, all 31 Social Democrat

MPs left the chamber, ensuring

Victory for the government by

95 votes to 10, with no absten-

The other absentee was a

disaffected colleague of Mr

Klaus and former minister, Mr

Vladimir Budinsky, who went

on holiday after being dropped

Speaking after the vote, Mr

Klaus said his coalition had

taken on "a heavy burden" but

was ready to implement fur-

ther reforms - to healthcare.

the state budget, education and

the economy - laid out in its

that won your confidence

today will work well," he told

President Václay Havel, who

has been the powerbroker in

attempts to end the deadlock

that resulted from last month's

election, urged continued

comperation between the coali-

tion and the Social Democrats

"I believe the government will

he stable and will co-operate

well with parliament," he said.

"I believe the government

from the new cabinet.

policy programme.

parbament

Some Social Democrats who

racism.

Czech PM wins one battle but faces another

By Vincent Boland in Prague

The Czech Republic's centre-right minority government yesterday won a vote of confidence in parliament, but immediately faced the prospect of a parliamentary battle over its proposal to return state property to the Catholic

Vaclay Klaus, the prime minister, promised to proceed with his reform programme, delayed by weeks of political deadlock since last mouth's general elec-

But the opposition Social Democrat leader, Mr Milos Zeman, immediately ended the brief truce that allowed the government to win the vote.

Mr Zeman, who has won the admiration of neutrals for the way he has staked out opposition territory in recent weeks. said that his party would try to block a cabinet proposal to return to the Church about 175,000 bectares of forest confiscated by the Communists

The cabinet took the decision at the insistence of the Christian Democrats, a junior coalition partner. Most political parties, including Mr Klaus's Civic Democrats (ODS), are instinctively opposed to the restitution and it may not be popular with the Czech public.

The coalition plans - at Christian Democrat insistence to carr, out the transfer by government decree. This process does not need parliamentary approval and is used for privatisations and other transters of property to private

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Getting the right chairman for loss-making railway is crucial

Wisdom of Aérospatiale chief's shift to SNCF too early to call

The French government's decision this week to move Mr Louis Gallois from the chairmanship of Aérospatiale, the lossmaking state-owned aerospace and defence group, to the chairmanship of SNCF, the loss-making state-owned railway company, can be viewed as a deft piece of political footwork or a ham-fisted damage limitation exercise.

The positive view is that the government has belatedly appointed the right person for the sweeping restructuring in prospect at SNCF, after misguidedly giv-ing the post last December to Mr Loik Le Floch-Prigent. It was known at the time that Mr Le Floch-Prigent, who quit last week, might be placed under formal investigation in connection with past business dealings and could therefore come under pressure to resign.

Getting the leadership issue right is a matter of the utmost importance: minis-ters can ill afford another strike by railway and other public-sector workers such as the one over proposed spending cuts that brought France to a virtual standstill at the end of last year.

Advocates of the move also argue that the government has removed any possibility of a damaging personality clash between Mr Gallois and Mr Serge Das-

Three Turkish hunger strikers

died in prison yesterday, bring-ing the total this week to six,

and putting Turkey's human

rights record in the interna-

Prisoners are likely to con-

tinue dying every day for

weeks if the hunger strike by more than 200 inmates in 33

prisons continues. Perhaps as

many as 55 are close to death.

halt systematic violations of

basic human rights by security

staff. In May, six prisoners in

Diyarbakir prison in the

mainly Kurdish southeast

burned themselves to death in

Political prisoners are fre-

quently beaten by guards while being transferred

between prisons or on their

way to court. Amnesty has evi-

dence of guards cutting hunger

strikers with glass. It lists

numerous cases of prisoners -

some of them victims of police

torture - being denied urgent

The hunger strikers, who are

all members of far-left groups

held under the draconian anti-

terrorism law, are also

demanding the government

reverse a policy of transferring

them to distant prisons, mak-

ing it difficult for them to meet

their lawyers. Journeys of 10

hours or more in closed vans

on their way to court further

hamper their ability to defend

have ignored pleas by prison-

ers and human rights organisa-

tions to halt the abuses. In Jan-

uary, prisoners rioted at Istanbul's Umraniye prison,

Successive governments

themselves.

protest at conditions there.

tional spotlight.

ers' demands.

wrong".

sions over details of the merger between Aérospatiale and the privately controlled manufacturer of military and business jets that was confirmed this month.

Mr Dassauit, who initially resisted the merger, would not discuss it with Mr Gallois. Relations between the two were described in yesterday's Le Monde news-paper as "at best difficult". Asked yesterday whether Mr Dassault, who is on holiday, would talk to Mr Gallois's replacement, a Dassault spokesman replied: "Never say never."

Critics of the move argue that, by shifting Mr Gallois at this crucial stage in Aérospatiale's evolution, ministers will further demoralise a workforce uncertain about the future. This is all the more so since the government appears not to have lined up an instant replacement. Half a dozen names were being dis-

in connection with the vacancy. The front runners were said to include: • Mr Jean Picq, secretary-general of national defence, who had a spell at Aérospatiale in the 1980s and was an adviser to President Jacques Chirac when he was prime minister.

cussed in Paris defence circles yesterday

• General Vincent Lanata, former head of the French air force, who has been an adviser to Aérospatiale since 1994.

Jail deaths put Turkish

rights record in spotlight

International concern is mounting as toll rises in

Turkey's main prisons

prisons protest, writes John Barham in Ankara

Airbus Industrie, the four-country European sircraft manufacturing consortium in the process of turning itself into a single company. Mr Frédéric d'Allest, chairman of

Matra Transport, part of the Lagardère Group, who is thought to have been a candidate for the SNCF job. • Mr Yves Michot, Aérospatiale's num-

• Mr Alain Gomez, former head of Thom-

Certainly, Mr Gallois's move – he is already at his desk at SNCF – appears to have left Aérospatiale in a state of agita-

This was underlined by the reaction to an off-the-cuff remark on Wednesday by Mr Alain Lamassoure, the French government spokesman. He said the new appointee at Aérospatiale would have to oversee changes of statute at the group arising both from the Dassault merger and the changes at Airbus. "There is perhaps not a single legal structure to bring all this

The significance of the remark was played down by the government, but was initially interpreted by some as an indica-tion that ministers might be considering breaking the company up. Most experts consider such a move unlikely.

Sweeping budget **Dehaene**

Mr Jean-Luc Denzene, the Belgian prime minister, bas won sweeping powers to by-pass parliament and govern by decree in drawing up a budget aimed at ensuring his country is a founding member of the European single currency.

But the move has aroused disquiet among opponents and some economists, and may damage Mr Dehaene's already poor opinion poll showing.

Parliament completed agreement early yesterday on the ing the government to issue decrees without parliamentary consent on the 1997 budget, reform of the over-burdened social security system, and

improving competitiveness.

Mr Dehaene gained parliamentary approval to draw up 3 per cent of gross domestic product this year.

A 3 per cent deficit by next year is one of the five convergence criteria for admission to the single currency. Belgium had hoped to reach the target a year early to strengthen its hand in negotiations on mem-bership of Emu, because it is failing to meet one of the other conditions. Its huge debt, 133 per cent of GDP last year, is

was necessary to allow the govsummer recess, to get "as close deficit target this year. Savings of about BFr24bn (\$800m) are

required. adoption in the autumn.

BFr80bn-BFr90bn.

"Meeting the Maastricht criteria is vital for Belgium. It would be very difficult for us to be outside a single currency if our neighbours, our biggest trading partners, were inside," Mr Maystadt said yesterday.

The urgency of social security reform was underlined yesterday by official figures forecasting that spiralling spending would lead to a social security deficit of BFr36bn BFr16.5bn surplus this year.

By Neil Buckley in Brussels

the laws two months ago, after a jobs pact with unions and employers collapsed and slowing growth aroused fears that Belgium would miss its target

well above the 60 per cent

Officials said yesterday the framework law on the budget applicable until next August – ernment to impose savings cuts even during parliament's as possible" to the 3 per cent

It would also allow work on the 1997 budget to begin immediately, clearing the way for

Mr Philippe Maystadt, finance minister, is aiming to undercut the 3 per cent target next year to guarantee Belgium's place in the single currency vanguard – likely to involve further savings of

powers for

the same period, according to an annual government report published yesterday. Of 2,170 institutions in 1987, 725 had closed or merged by the end of 1995, said the Credit Establishments Committee, an arm of the banking regulatory and supervisory body under the control of the Bank of France.

In spite of the criticisms of them by the country's commercial banks, it is the French mutual and savings banks which have undergone the greatest rationalisation over the past few years, reducing their numbers through mergers from 1,127 in 1984 to 342 in 1995. Andrew Jack, Pari

Italian bank rescue faces probe The Italian government's plans to rescue Banco di Napoli, one of Italy's largest and oldest banks, could be examined by the European Commission for evidence of illegal state subsidies. The Commission is understood to be ready to open an inquiry into the plan for a L2,000bn (\$1.3hn) capital increase.

underwritten by the treasury, which controls the bank. A special assembly of shareholders will vote on the capital increase next Tuesday in Naples.

The Commission refused to comment on reports which suggested that Mr Karel van Miert, the competition commissioner, was preparing to write to Rome asking for a detailed explanation of the plan. But Brussels is thought to

have doubts whether the bank, which last year lost L3.1550n, can be returned to profitability, let alone privatised as the treasury wants. Andrew Hill, Milan and Neil Buckley, Brussels ■ Italy's anti-trust watchdog is investigating the Italian

Chamber of Commerce for alleged abuse of its dominant position in the database market for company information. The authority said it wanted to probe charges the chamber had allowed only Infocamere and Cerved – companies controlled by the chamber - access to its register of 4.3m companies.

Rome considers media decree

The Italian posts and telecommunications ministry said yesterday the government might have to push through new rules on media ownership by decree, following parliament's decision to delay until September the debate on setting up a new telecoms and broadcasting regulator.

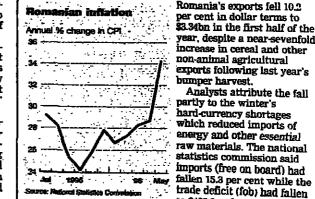
The upper house of parliament decided on Wednesday not to debate the measure before the August holidays. The full privatisation of Stet, the state-controlled telecoms holding company, cannot take place until a regulatory authority is in

The government might have to use a 60-day decree to mpose the new rules on media ownership by the end of August, as a constitutional court ruling threatens to black out television broadcasts if existing regulations have not been changed by then.

The Italian government should today approve the second part of the draft legislation on communications, which provides for reform of Rai, the state broadcaster which is Mediaset's main rival.

ECONOMIC WATCH

Romanian exports setback



per cent in dollar terms to \$3.34bn in the first half of the vear, despite a near-sevenfold increase in cereal and other non-animal agricultural exports following last year's bumper harvest. Analysts attribute the fall partly to the winter's hard-currency shortages which reduced imports of energy and other essential raw materials. The national statistics commission said

to \$425.9m, from \$725.5m. The consumer price index in June was 1.0 per cent, the lowest monthly rate this year, but is expected to rise sharply this month following increases of more than 30 per cent in this month following increases of more than 30 per tent in energy prices. Year-on inflation at the end of June was 33.8 per cent, up from 27.8 per cent at end-1995. Tight monetary policy has been undermined partly by rising wages, 43.4 per cent higher in June than a year earlier, while unemployment fell for the fourth month to 7.1 per cent. Virginia Marsh, Bucharesi ■ Consumer prices in west Germany rose 0.4 per cent in July from June, a year-on-year increase of 1.3 per cent. French consumer prices fell 0.1 per cent in June from May and rose 2.3 per cent over 12 months.

■ Dutch consumer spending rose 4.4 per cent in May from a month earlier, following strong demand for food and durable

■ Sweden's producer price index was down 0.3 per cent in June from May, and down 6.5 per cent from a year earlier. Finnish unemployment in June was 16.6 per cent, from 16.9 per cent a year earlier and unchanged from May.

But diplomats and human rights campaigners complain that the new Islamist-led government has shown as little inclination as its predecessor to compromise over the strik-A European diplomat commented: "The government is doing nothing. If they gave in, they would have to accept that something in the prisons was Conditions in Turkish jails are certainly grim; visitors report standards well below international norms. But human rights activists say the

TURKEY



Turkey's Islamist prime minister Necmettin Erbakan at prayer. His government has promised action but is doing little

Islamist justice minister, prom-

and police beat four of them to death in restoring order. In May, the justice ministry introduced strict new rules intended to break up what it claimed were no-go zones run by prisoners in the jails. prompting the start of the present hunger strike. Pictures appeared in newspapers of urban guerrillas posing

beneath hammer-and-sickle flags, stating that some prisons had become virtual "terrorism training camps".

ised after taking office last month to end the hunger strike by softening some of the new rules. He ordered that prisoners be treated humanely and allowed to meet their families once a month - previously visits were only allowed on religious and national holidays. Hundreds of Kurdish prison-

persal of prisoners. in the Turkish charge d'affaires to "express its concern" over the protest. Ireland, which Mr Sket Kazan, the new

ers ended their protest, but the

Mr Kazan maintained the dis-The hunger strikes have now become an international issue. This week, the French government called on Turkey to improve prison conditions and respect for human rights. The Dutch government has called

the issue next week at a meeting of EU and Turkish officials. Yesterday, Bonn urged the hunger strikers to end their protest after a second night of fire-bombings of Turkishowned businesses in Germany, nossibly by extremists support ing the strike. On Wednesday, Turkish protesters occupied the Frankfurt offices of Gerleft-wingers carried on because many's main opposition Social Democrat party.

attracting international attensharp deterioration in human rights this year. Turkish activists report increased violations since the EU signed a customs union with Turkey in January. European parliamentarians had made approval conditional on an improvement in human holds the rotating European rights in Turkey.

The hunger strikes are also

Union presidency, may raise

Russia to ease access to its bond market

By Chrystia Freeland in Moscow

The Russian central bank yesterday announced details of a new scheme for foreign investment in government bonds as part of a plan gradually to liberalise access to the lucrative market for foreigners. But bank officials warned the market would be opened up slowly, while they planned to crack down on "dubious" schemes which have allowed non-residents to invest on the same highly profitable terms available to Russians.

Mr Alexander Potemkin, a deputy cant relaxation of the current system under the new system - due to come into effect on August 15 - annualised yields in dollar terms for foreigners would continue to be capped at the present level of 19 per cent. Domestic investors are now enjoying returns as much as twice as high.

He also said the central bank would

put a ceiling on foreign investment

under the new system of \$700m in

August and \$1bn in September. These

restrictions do not represent a signifi-

head of the central bank, said that but officials emphasised they would ease the limits over several months, as they become accustomed to the new mechanism, which allows foreigners to purchase the government bonds directly at auctions and to trade them on the secondary market.

Central bank authorities also reiter ated their intention to crack down on non-residents who have been investing directly in the highly profitable treasury bill market through legal loopholes which allow them to enjoy the

same sky-high returns as locals. They said they hoped to put an end to this practice by September 15 and warned that if gentle persuasion did not succeed they would resort to harsher methods. "We have a number of levers we can use to punish those involved," said Mr Andrei Kozlov, a deputy head of the central bank.

He said the central bank was holding discussions with western investors and the Russian banks and financial institutions which serve as their intermediaries about ending the practice.

(\$776m) 150-mile interconnector between Bacton, Norfolk, and

Zeebruege in Belgium. It is due

It is being built by a con-

sortium of companies includ-

ing British Gas, which holds a

40 per cent stake, Gazprom,

British Petroleum and Ruhr-

gas, Germany's largest distrib-

important implications for

Wintershall since it is part of

its long-term strategy aimed at

diversifying gas imports, increasing market share in Germany and introducing

more competition in a field

dominated by a few players.

This diversification with gas

from Britain will strengthen

our competitive position. More

competition will ultimately

benefit customers," said Mr

Currently, Wintershall imports the bulk of its gas

The latest sales contract has

for completion in 1998.

utor of gas.

brought about partly by the liberalisation of the domestic

British Gas in particular is

saddled with a number of

long-term contracts for large

volumes of gas that it will no

longer need after 1998, when it

loses its monopoly to supply 19m households and other

"For the UK, continental

Europe is an important new

mann, British Gas's regional

managing director for Europe.

The company is also hoping to sell gas to similar distributors

in the Netherlands and France,

as well as directly to large

Mr Gert Maichel, managing

director of Wingas, said the

deal was an important contri-bution to the integration of the European gas market. The UK and continental gas supply grids will be linked by a 2500m

industrial gas users.

market," said Mr Peter Leh-

eas market.

small gas users.

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State Secretary

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Grand Control

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Hashimoto Britain in big gas supply deal with Germans asks Clinton to help solve two disputes

Mr Ryutaro Hashimoto, Japan's prime minister, has written to US president Bill Clinton urging him to take a "political decision" to settle two trade disputes before their July 31 deadline.

The letter coincides with yesterday's start in Vancouver, Canada, of two days of talks between senior trade diplomats to try to end the deadlock over access to Japan's market for insurance. Talks on semiconductor trade start there on

Mr Hashimoto said Japan was ready to be flexible on insurance, but restated a firm stance against US demands for a numerical market share for foreign semiconductors, dis-liked by the Japanese government on the grounds that it

represents managed trade.

Mr Hashimoto described as "meaningless" a US proposal to gauge the foreign share of Japan's semiconductor market according to companies' capital affiliation, a move which would penalise many foreignbased Japanese companies which sell semiconductors to

As in last summer's row over access to the Japanese car market, both sides are expected by trade officials to negotiate right up to the deadline.

The US wants both countries' semiconductor industries to survey the Japanese market to make sure they "preserve and continue" progress made under the existing chip pact, which expires next Wednesday. The pact, disliked by Japan from the beginning, was originally designed to ensure a 20 per cent market share for foreign chip producers. Their tion.

to 31 per cent. chip accord suggests that a new one is not needed, argues the Ministry of International Trade and industry. In place of the pact, Miti has proposed a global semiconductor industry forum - supported by the European Union - to encour-age general co-operation between producers on matters such as standardisation, intellectual property rights and market data. Such a forum would not attempt to influence markets, stress Miti officials.

On insurance, a Japanese finance ministry official yesterday declined to comment on a report that negotiators were considering a compromise.

The US objects to a proposal which would allow Japanese insurers to provide personal accident and health policies in Japan from October. Foreign companies dominate

this business, known as "third sector" insurance, and are unwilling to face Japanese competition until they obtain better access to the life and non-life markets, where foreign entry is tightly restricted.
Under the possible compro-mise, Japan would delay third

sector liberalisation for two years - still short of the US demand for a three-year delay. During that time, the Japa nese government would allow foreign companies improved access to the rest of the insur-

1994 insurance framework agreement with the US. That agreement commits Japan "substantially" to deregulate life and non-life insurance before opening the

third sector to new competi-

ance market, as laid out in a

Panel Country Score Score (1985 1985 1985 1985 Z Demmark 933 932

By Judy Dempsey in Bonn and Robert Corzine in London

British Gas is to sell 20bn cubic

metres of natural gas to Germany's Wingas in a second

deal to ship surplus gas from the UK to the continent

through a planned pipeline

under the North Sea.

The latest agreement, which will be spread over 10 years, is the largest gas sale from a UK

company to Europe. The price was not disclosed.

Earlier this year the UK sub-

sidiary of Conoco, the US oil company, announced the sale

of 1bn cubic metres a year of UK North Sea gas to Wingas. The decision by British Gas

to seil 2hn cubic metres a vear

to Wingas, jointly owned by

Gazprom, the Russian gas com-pany, and Wintershall, the gas subsidiary of BASF, Germany's

chemical group, coincides with

a gas surplus in Britain.

16 Austria 7.59 7.13 18 · Hong Kong 🚃 7.01 · · 7.12 6 Norway . 8.87 8.81

2.69 2.65 2.58 2.50 2,48 221

major naturál gas

from Gazurom, amounting to

14bn cubic metres a year. It is

in Germany by 1.5 per cent to

10 per cent after a heavy

investment programme begun

five years ago and now total-

supply routes

US companies 'lost \$20bn in deals after rivals offered bribes'

Kantor calls for bribery action

By Nancy Dunne

IIS companies have lost contracts worth \$20bn this year as a result of bribes offered by competitors, according to Mr Mickey Kantor, the US commerce secretary.

Mr Kantor said corruption in trade and government procurement around the world has worsened, with companies offering illicit payments winning 80 per cent of their bids.
"Business newspapers and

magazines almost read like about public contractors rigging hids, state-owned industry officials demanding bribes, corporations making payments to politicians for contracts, costs of projects being inflated to cover kickbacks, competitive bids being undermined by graft," he said.

Toy companies which sell

products made in Asia are

being pressed to set up strict independent monitoring bodies

to improve working conditions

Pressure groups have forced

toy company associations to adopt codes of conduct on

health and safety, but the groups fear the codes will not

be properly implemented by

The latest campaign comes alongside other high-profile initiatives aimed at

highlighting workers' conditions in industries, such

as clothing and footwear, dominated by western multinationals.

A campaign launched by western charities drew consumer attention to large

sports shoe companies such as Nike and Reebok, many of whose shoes are made in Asia.

Some of the clothing and shoe

companies have drawn up

codes of conduct on working

practices in response to

pressure. But the issue of

independent monitoring is

among their suppliers.

Asian manufacturers.

ery by European companies without naming names. These include: • The use by a European firm

of inside information and Illicit funds to heat a US firm for a \$2m telecommunications deal in Asia • The bribing of a Latin American official for help in

signing a \$4m telecommunications contract. ● A European defence com-

pany beat American competi-tor for a \$3bn vehicle sale in the Middle East with "illicit "An American company that business leaders he had

offered the best price for a met say corruption in interna-Latin American project only to have a European competitor re-bid after the process was supposed to be closed - and after paying bribes to officials involved in the decision-

US trade officials yesterday unveiled a new bureau within the commerce department to oversee compliance with its international trade agreements, Reuter reports

from Washington. Mr Mickey Kantor, commerce secretary, said the centre would be responsible for building an information base to help monitor, investigate and evaluate

tional trade is their number one concern. As a result the US

compliance with trade

ber of fronts. Most countries have laws against bribing their own offi-cials, but only the US prohibits

is pushing for action on a num-

tion adopted by the Organisation of American States, the first multinational agreement in which countries agreed to criminalise bribery and extradite offenders. The US. Japan, EU and Can-

Mr Kantor praised the new Convention Against Corrup-

ada agreed to pursue an interim transparency pact in government procurement in the World Trade Organisation because most members have not joined the separate govern-

nomic Co-operation and Development have agreed to eliminate tax deductions allowed for overseas bribes. They have also agreed that by next May they will develop principles to address the criminalisation of

complain that forcing third world companies to improve working conditions and wages may destroy jobs by making the companies uncompetitive.

The BTHA - whose members

account for 90 per cent of toy sales in Britain - has set up a

three-person independent

committee, based in the UK, to

deal with complaints about factory conditions abroad.

But the pressure groups

amending as a consequence.

The 10-point agenda include cious of "green" policies, a greater say in the WTO's trade/ of the Organisation for Eco- how to handle WTO disputes environment debate.

> Cardholders will now have to pay a monthly service charge in addition to the total balance outstanding on their account if they do not pay that balance within 30 days of the date of their statement. The period was previously 45 days.

> > You're always switching lights off, lowering the thermostat, you even count all the paper clips. Have we got the

Tyre maker to keep Semperit subsidiary open

By Eric Frey in Vienna

Continental, the German tyre maker, yesterday told the Austrian government it would not close its Semperit subsidiary in Traiskirchen, eastern Austria. but stood by its decision to axe hundreds of jobs at the plant. Continental Chairman Mr Hubertus von Grünberg con-

firmed the company would halve the annual output of car tyres in Traiskirchen to 2m and shift production to the Czech Republic. Continental declined to alter its plans despite a plea by an

Austrian government delega-tion led by Chancellor Franz Vranitzky. Three hours of talks yesterday proved iruitless and Mr von Grimberg said the job cuts would go ahead as "I do not see any way to

avoid reducing production of car tyres at the plant, given the current market situation, he said. The Semperit plant could be profitable even after these cuts, Mr von Grünberg

The Traiskirchen plant also produces 500,000 truck tyres a year, which are worth six times as much as car tyres. The production shift to the Czech Republic will cause the loss of 400 jobs in Austria and has raised fears Continental will shut down its subsidiary completely. The 100-year-old factory employs a total of 2,400 peple and indirectly supports thousands more.



Von Grünberg: adamant

The Semperit plant has suffered a sharp drop in sales to Japanese carmakers after Austria joined the European Union, which ended special trade privileges for Japanese carmakers in exchange for purchases from Austrian car parts producers, especially from Semperit.



Economics Minister Mr Johann Farnleitner said he wanted to use gentle pressure on the Japanese to step up their purchases again. But he is unlikely to take up the trade union proposal to impose a special tax on Japanese cars, which would violate EU rules. Mr Farnleitner last week expressed his solidarity with the Traiskirchen workforce by fitting Semperit tyres to his car. It later emerged that the tyres were manufactured in



Toy companies urged to monitor

The Thai toy factory blaze which led to the campaign

Movement, a pressure group campaigning on third world issues, the Catholic Institute for International Relations and international trade union bodies will launch a pre-Christmas campaign calling for independent spot checks on toy factories in Asia. But toy company bodies say full monitoring would be costly and difficult in countries such as China, where access to factories is restricted.

Mr David Hawtin, director

roving contentious. general of the British Toy and The World Development Hobby Association (BTHA), said there were too many

monitor them properly.
"There is no way that an organisation like ours can even think about setting up inspectors. This is a job for governments to do," he said. Instead, industry bodies argue that individual toy companies should use commercial pressure on suppliers to adopt the codes of conduct by threatening to

think such a committee will not be independent or powerful enough to deal with problem. Ms Sue Townsend, a campaigns officer at the World Development Movement, said: "We are not convinced how effective it will be for the average worker in Asia. We are seeking proper independent

monitoring and spot checks." The campaign groups argue that companies have sufficient control over product quality to be able to monitor working

The toy campaign began after a fire in a toy factory in Kader, Thailand, killed 188

US-Japan supercomputer trade risks a crash

Nancy Dunne on a dumping row that threatens to harm attempts to open public procurement markets

protracted row over a US government agency's purchase of a Japanese computer is threatening to damage Washington's attempts to prise open public procurement markets abroad.

US efforts to "encourage" Japanese government agencies to buy US-made supercomputers have resulted in the sale of 12 US supercomputers to Japan, but the first reciprocal purchase by the US has become the subject of contentious debate.

When the Japanese company NEC won a bid to provide a supercomputer to the National Centre for Atmospheric Research, the Commerce Department's import administration

Soon after NEC's victory was announced, Mr Paul Joffe, acting assistant secretary for import administration, wrote to the National Science Foundation (NSF), which is funding part of the leasing deal, to say that the cost of producing the supercomputer "is substantially greater" than NEC's \$35m bid price. Usually when dumping cases are

filed, the Commerce Department con-

ducts a five-month investigation before issuing preliminary decisions.

Officials say that in this case they

Mr Joffe also warned that the import of the supercomputer system "would threaten the US super-computer industry" - a conclusion of injury that under US law is the province of the the International Trade Commission, the six-person government-funded but independent agency that investigates allegations of injury, which was not consulted.

The Commerce Department opinion has falled so far to stop the deal, but additional pressure has come from

advised against the deal on grounds were asked by the NSF to determine if that the NEC price was so low it had to be "dumping" - or selling unfairly - in the US market.

Were asked by the NSF to determine if the NSF and other agencies. It they have occasionally advised other agencies. It agencies informally on internal purcontained an amendment stipulating contained and contained an amendment contained an amendment stipulating contained an amendment contained an a month passed an appropriations bill for the NSF and other agencies. It contained an amendment stipulating that salaries be withheld of personnel who approve a contract for the purchase, lease or acquisition in any manner of supercomputing equipment" if there is a preliminary or final determination that the equipment is being "dumped" or sold at unfair prices.

The sponsor was Congressman David Obey, a Democrat from Wisconsin, where Cray Research, one of the losing bidders, has facilities. "The issue," be said, "is whether we are going to stand up for America and

was a violation of international trade rules as well as the customary proce-

dures attending both dumping complaints and government procurement. We have a firm commitment in this country to the rule of law. We ought not to so casually and cava-lierly disregard that," he said.

The Senate has yet to vote on the appropriations bill, but the committee rejected the Obey Amendment. Wisconsin Senator Herb Kohl may try to attach a similar provision on the Sen-

US holding up green trade that might arise out of trade provisions in multilateral envi-

A refusal by the US to take a

ling DM3.5bn (\$2,3bn). It

involves the construction of

gas pipe lines, storage facilities

Wintershall, set up by BASF

specifically to provide cheaper gas supplies, embarked on this

and compressors.

---- Under construction

SOUTH GAM MARKETON

O LNG rectaring

constructive part in work on trade and the environment in the World Trade Organisation threatens to prevent any firm results emerging in time for the WTO's first ministerial meeting in Singapore in December. Trade officials said yesterday

that two years of discussions were going nowhere because the US was unable to take a position on the issues ahead of November's US presidential election.

The US is proposing nothing and systematically trashing everyone else's proposals," said one official. "It is a major obstacle to getting anything done."

Ironically, Washington was one of the strongest propo-nents of establishing the WTO committee on trade and the environment in 1994, with a mandate to report to the Singapore ministerial meeting. The committee was charged with looking at the relationship between fair tratle rules and environmental measures and whether WTO rules needed

ronmental agreements (MEAs), and how to ensure that environmental measures such as ecolabelling and packaging requirements are compatible with fair trade rules.

investment programme because it could not gain

access to the grids owned or

managed by Ruhrgas, Ruhrgas,

which has more than 90 per

cent of the German market,

has been at the forefront in

resisting Bonn's plans to

deregulate the energy sector.

A draft paper to be presented to the cabinet after the sum-

mer recess entails scrapping demarcation contracts which

allowed Ruhrgas - and elec-

tricity companies - to estab-

lish regional monopolies in the

distribution of energy. It would

also open the market to others.

pean gas companies are cau-tious about a common gas grid

and moves to end national

monopolies. They say that lib-

eralisation of the European gas

market is inappropriate.

because Europe, unlike the US

Several continental Euro-

So far, the European Union appears to have made most of the running in trying to secure agreement on these two issues before the Singapore meeting. But, with developing countries showing a marked lack of enthusiasm for the trade, environment debate, the absence of a clear US position has stymied

progress. The committee, which ended two-day meeting yesterday, was created on an ad hoc basis and must be re-established by ministers in Singapore. Though no one has yet suggested that it be discontin-ued, some developing countries are known to favour turning the existing committee on trade and development, which focuses on the interests of poorer WTO members, into a committee on Sustainable development. Such a move would give developing countries, generally more suspi-

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Tutsi-led army seizes power in Burundi

Grenades and gunfire echo across capital as new president installed

By Michela Wrong, Africa Correspondent

The Tutsi-dominated army yesterday seized power in Burundi, appointing its candidate for president, outlawing political parties, disbanding parliament, imposing a duskto-dawn curfew and closing the airport and borders.

The coup d'etat was a direct challenge to the US government and UN Security Council. which had both warned the military against a seizure of power and are debating whether to send foreign troops to restore order in the central

Speaking on state radio. Burundi's defence minister announced that Major Pierre Buyoya, a former Tutsi president, was replacing Mr Sylvestre Ntibantunganya, the Hutu incumbent who has been sheltered by the US embassy The putsch took an ugly

hurled grenades into a market, the UN to head off a possible bursts of heavy gunfire echoed across the capital, armoured personnel carriers rolled into the centre of Bujumbura and soldiers erected roadblocks.

"It looks like all hell has broken loose," said a resident. Earlier, the military authorities had received a series of sharp warnings from the international community, afraid the collapse of a civilian government guaranteeing power-sharing between the Tutsi minority and Hutu majority signalled a repeat of Rwanda's horrific ately for the capital, where he bloodletting.
In New York, Mr Boutros

Boutros Ghali, the UN secretary-general, said the world would "on no account" accept the coup and called on all concerned to uphold Burundi's constitution. The Organisation of African Unity said a putsch would be "resisted" and the European Union threatened to halt all development aid. The White House said the US

humanitarian disaster, and France said it had urged the Security Council to send a mission to Burundi.

Mr Ntibantunganya's sudden flight to the US embassy, the ostensible trigger for the coup, came after he was stoned by the crowd attending a funeral of more than 300 Tutsis, victims of one of the many massacres carried out in recent months by both Hutu rebels and the army.

sought refuge with the Americans. Soon after, the Tutsi-dominated Uprona party said it was pulling out of the coalition with the mainly Hutu Frodebu party, ending an uneasy But many analysts were yes

terday blaming the putsch on the laborious debate surrounding plans to send in East Afri-Approved by the OAU earlier turn, as unidentified gunmen would be presenting a plan to this month, talk of the still-em-

bryonic initiative has fuelled the stege mentality in Bujumbura and encouraged extremists in both camps. "The army started cracking

down and the guerrillas started shooting everyone in sight," said Mr Gerard Prunier, a French expert on the region. "They knew they were running The army defied world opin-

ion yesterday, with a spokes-

man saying Burundi, a former

Belgian colony, would not

allow itself to be colonised

again. But there were signs it

had tried to go some way to meeting its critics by choosing Mr Buyoya as president. The major, who governed for five years as the country's last Tutsi president, has traditionally been regarded as a moderate. He spearheaded the introduction of multiparty democracy and handed over power peacefully when a Hutu

andidate won the 1992 elec-



Last Tutsi president returns: Major Plerre Buyoya

The big test of S Africa's sell-off intentions

What happens to the Transnet conglomerate will be an important policy pointer, writes Mark Ashurst

The London-based investment banker's remark to South African government officials during President Nelson Mandela's recent state visit to Britain was as honest as it was harsh. Told of the political problems surrounding the country's privatisation programme, he replied: "We are not interested in your social baggage.

One of those most shocked by the remark was Ms Louise Tager, chairman of Transnet, South Africa's largest public corporation which operates the national transport infrastructure. "I am a strong advocate of privatisation and I have spent much of my professional life promoting the concept. even before it became fashion-able in the 1980s," she says. But there are things that need to be understood about South Africa. The future security of this economy depends on unliftment."

In many respects, the future of Transnet will be the litmus

mitment to liberalising the lines - are natural monopolies. tightly-controlled South African economy. Transnet's 23 subsidiaries embrace road haulage, rail, sea and air transport, harbours, a maze of national fuel lines and an in-house satellite and telecommunications network with a combined asset value of more than R40bn (\$9bn).

Several of Transnet's businesses, notably South African Airways, the cash-strapped national airline, and some of its overland freight operations. have been earmarked by Mr Thabo Mbeki, deputy-president, as candidates for "restructuring". The term is widely understood as government-speak for privatisation, a process expected to begin later this year with the sale of a 30 per cent stake in Telkom, the telephone company.

But unlike other state-owned monopolies. Transnet is a diversified conglomerate. Some of its biggest businesses – rail. harbours and Petronet, a nationwide network of fuel

Others, including SAA, container transport and courier operations, already face growing competition from the pri-

Thus, the nature of private

sector involvement is conten-

tious. "It would be wasteful to open natural monopolies to competition, because of the enormous investment involved," says Mr Ben van Rensburg, chief economist at the South African Chamber of Business. "We need private sector skills, not competition, to make them more efficient." The government's commitment to narrow the gulf between the public and private

sectors is underpinned by the appointment of four senior ANC leaders to Transnet's board, where their role is in part to counter trade union opposition to privatisation. Five years from now, predicts Mr Saki Macozoma, a former MP and senior official in the African National Congress. who became Transnet's deputy

managing director in May, Transnet will be "a smaller though still significant" transport company.

According to Ms Peggy Drod-

skie, national infrastructure analyst at the South African Chamber of Business, Transnet's financial structure is impenetrable. Last year, it posted a net profit of R118m, its first since embarking on a process of commercialisation in 1990. But it has shored up its loss-making businesses with hand-outs from more lucrative operations, such as Petronet, whose margins are guaranteed by the web of regulations gov-erning South Africa's liquid fuel retailers.

"We cannot really tell which parts of the business are profitable because of the cross-subsidisation. Transnet should be disbanded as a holding company and each division should be ring-fenced. Only then can we look at privatisation," she

The social costs of such an unbundling would be high. A product of the racially-based national socialism devised by the architects of apartheid, Transnet is overstaffed - despite cutting its total workforce by almost 60 per cent to 110,000 over the last decade. Now it needs to pension off veteran employees and recruit blacks to create a more racially

Blacks comprise 56 per cent cent of the 32,000 unskilled jobs. With unemployment exceeding 30 per cent, the new management is wary of further cuts. "No company ever down-sized to greatness," says Ms

balanced workforce.

Transnet has borrowed heavily to fund its pension obligations, and has few resources for extensive capital expenditure. To build the new infrastructure required to foster an export-oriented manufacturing sector, the principal goal of the government's economic strategy, Transnet needs more cash. Ms Tager acknowledges that the workforce is an

obvious target for pruning, but she also knows that the consequences for many would be traumatic: the average black labourer has between six and 10 dependants. Meanwhile, Mr Trevor Man-

uel, the finance minister, is banking on revenue from the sale of equity in state-owned industries to slash the budget deficit to 3 per cent of gross domestic product by 2000, from 5.8 per cent last year. Thus, if new investors are found for Transnet, the corporation does not expect to reap all the pro-

Ms Tager accepts that cuts in the national budget deficit will attract investment to South Africa and encourage growth, even new capital available for Transnet is limited.

We need to do it quickly, so the pain is shorter and there is growth," she says. Investors, she hopes, will accept that Transnet's contribution to balancing the government's books is part and parcel of its "social

Thailand

growth

INTERNATIONAL NEWS DIGEST

Middle East in diplomatic whirl

A flurry of diplomatic activity swept the Middle East yesterday as a US envoy and Mr Yassir Arafat, Palestinian leader, tried to coax arch-foes Israel and Syria back to the

Mr Dennis Ross, US Middle East peace envoy, made his way from Syria to Amman and on to Jerusalem in the wake of Mr Herve de Charette, French foreign minister, who took his peace mission on the same route earlier in the week.

Mr Ross met Israell premier Benjamin Netanyahu in Jerusalem. Mr Netanyahu's election in May had thrown peace moves into doubt as he opposes trading occupied Arab land for . J. Arthur

peace.

Mr Arafat, who has just held his first high-level meeting with the new hardline Israeli government, arrived in Syria with the new hardline israeli government, arrived in Syria mainly to plot peace moves with President Hafez al-Assad but also to deliver an israeli request to break a peace deadlock.
The US envoy was expected to meet Mr Arafat in Gaza either on the Palestinian leader's return late yesterday or

Harare misses deficit target

Mr Herbert Murerwa, Zimbabwe's finance minister, yesterday presented the country's 1996 budget and reiterated previous promises to cut budget spending and the fiscal deficit. He confirmed that the government had missed its budget deficit target of 6.7 per cent of GDP for 1995/96 by a wide margin. reporting an actual deficit of 10.1 per cent. For the current year to June 1997, he forecast a budget

deficit of about 2\$6.8bn (US\$694m), or 3.5 per cent more than in 1995/6. This is unlikely to satisfy the IMF and could hamper talks on a new structural adjustment loan from the Fund. Public spending is projected at 37 per cent of GDP, down slightly from 40 per cent last year.

The otherwise forgettable budget may be remembered for one bizarre aspect - the introduction of a 15c (US 1.5c) "levy" on cash withdrawals from automatic teller machines. The osts and trouble involved in collecting the tax seem to be out of all proportion to the revenue it is likely to yield. The minister gave no estimates of how much the tax would

Cairo clinches F-16 deal

Egypt has concluded a \$338m deal for the purchase of 21 new F-16 jet fighter aircraft built by Lockheed Martin of the US. The sale is part of a military package with an estimated price tag of \$670m, which will include upgrading Egypt's 161 F-16C/

The prime contractor for the F16C/Ds will be Lockheed Martin while the principal contractors for the upgrade programme will be McDonnell Douglas and Westinghouse Electronic Systems, both of the US.

Delivery of the new F-16s will be completed by the year 2000. according to Lockheed. The US defence department has said the sale of the equipment would not affect the basic military balance in the region.

Hijacker held in Algeria

Algerian security forces arrested a lone hijacker who seized an Air Algeria plane yesterday. All 232 passengers were safe, Algerian state television reported.

The hijacking occurred at Oran airport, west of the capital Algiers. The interior ministry, whose security forces have been fighting Moslem fundamentalists for more than four years, said the hijacker's motives and nationality were

NEWS: ASIA-PACIFIC

Samsung officials held in 'spy' case

By John Burton in Seoul

Two Samsung Aerospace officials have been arrested for allegedly obtaining classified military procurement plans. including proposals for an air surveillance system, marring the normally polished image of South Korea's biggest conglom-

The affair is the second scandal to hit Samsung this week. It follows the murder of a distributor for a rival newspaper, allegedly by two employees of the Samsung owned daily.

has angered its competitors by conducting an aggressive and lavish marketing campaign. including offers of Samsungmade gifts, to attract subscribers in its quest to become Korea's biggest daily.

The Samsung aerospace employees, both retired air force officers, are suspected of collecting procurement documents from the defence ministry since 1992 to help their company gain future aerospace contracts.

In addition, they are accused

the murder on an intense circulation war. Joong-ang Ilbo weapon systems to two Korean sensitive military information. Some the location of manufacarms dealers who were also arrested Tuesday along with three military officers at the defence ministry's procure-

> The Samsung officials were immediately fired by the group, but the case has received maximum publicity from South Korea's leading newspapers, which have been savagely criticising Samsung for the past week. The industrial espionage

case has provoked a parliamentary furore, with MPs criticitors were alerted after boxes containing the weapons procurement documents were discovered in an abandoned warehouse last month.

The scandal comes as Samsung Aerospace, a key defence contractor, seeks new business once it completes its mainstay project of assembling 120 F-16 fighters from the US by 1999. Its attempt to enter the civil aerospace sector received a setback recently after plans to develop and produce a 100-seat regional jetliner with China collapsed due to differences

The group did receive one good piece of news this week, as Samsung Electronics was cited by the Korean Management Association as the coun-

try's best-run listed company

last year after it reported net earnings of \$3.2bn (£2.1bn). However even Samsung Electronics may be losing its lustre as falling semiconductor prices are expected to cut its earnings by two-thirds this year, while the government recently disclosed it is conducting an extensive tax investigation of

By Ted Bardacke in Bangkok Thailand's economic growth in 1996 will be lower than fore-

cast and the current account deficit and inflation rate higher, the country's central bank said yesterday. Economic growth is now expected to be 7.8 per cent,

gainst an original estimate of 8.3 per cent and actual growth of 8.6 per cent in 1995. Inflation, first projected at 4.9 per cent for the year. is expected to be 5.5 per cent, down from 1995's rate of 5.8 per cent.

The downward revisions were outlined by Mr Rerngchai Marakanonda, new central bank governor, in his first public presentation since replacing Mr Vijit Supinit, earlier this month. Mr Vijit resigned in the face of scan-dals that touched the credibility of Thailand's central bank.

Mr Rerngchai, 54, announced two measures he hopes will improve the bank's reputation. Appointed to an indefinite term, he neverthe-less said he would step down after four years. He also created a high-level committee to supervise financial institutions in an attempt to detect problems more quickly and act on them more decisively. Failure to halt a pattern of dubious lending practices at the Bangkok Bank of Commerce helped to precipitate Mr Vijit's

Mr Rerngchai said no new measures to tighten monetary policy would be introduced and he would let interest rates fall "if that is what the market determined." The government would continue to run a fiscal surplus equal to 2.7 per cent of GDP while increased government spending in the second half of the year would be a major force in sustaining economic growth.

The current account deficit will be 7.8 per cent of GDP, against an original forecast of 6.5 per cent and 8.1 per cent for 1995. Export growth would be only 10.2 per cent compared with an earlier forecast of 17.4 per cent and 23.6 per cent in

ASIA-PACIFIC NEWS DIGEST

Japan store sales up 3.7%

Further evidence of an improvement in Japanese consumer confidence emerged yesterday in the form of the first six-monthly rise in department store sales in four-and-a-half years. Department store turnover rose 3.7 per cent to Y4,120bn (\$38bn) in the six months to June against the same period last year. The Japan Department Stores Association warned the mprovement came from an unusually low base.

Shoppers were reluctant to spend, early last year, because of the psychological shocks of the Kobe earthquake and a gas attack by religious extremists on the Tokyo subway said analysts. Kobe showed the strongest sales rebound, as it picked itself up after the tragedy. Sales there rose 40.5 per cent in the first half of this year. Sales nationwide were strong in personal goods and clothing, but weak in household goods and furniture, the association added. William Dawkins, Tokyo

Nuclear poll campaign starts

Campaigning for Japan's first local referendum on a nuclear power plant started yesterday in the town of Maki, Niigata Prefecture. The August 4 referendum will decide if the town should approve the building of a nuclear reactor by Tohoku Electric Power. The government and the pro-nuclear lobby fear it may trigger similar moves by local governments

elsewhere in Japan.
Anti-nuclear sentiment has been rising since the leakage of cooling agents at Monju, the country's most advanced nuclear reactor, late last year. In a mayoral election in the city of Suzu, west Japan, earlier this month, the pro-nuclear camp defeated an environmentalist candidate. The construction plan, announced by Tohoku Electric in 1969, has been hampered by land speculators and environmental groups buying land in the planned location. The project has divided Maki (pop 30,000). Calls for a referendum were triggered by a 1994 announcement by the then mayor, initially elected on an anti-nuclear platform, that he would support the nuclear

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Vietnam pushes on with refinery Vietnam is to press ahead with plans for its first oil refinery at a remote site on its central coast, and has re-affirmed a deadline of December by which work should start, the official

Vietnam News said yesterday. Industry analysts had questioned whether the \$1.2bn Dung Quat refinery project would continue to receive backing from policymakers after the Communist party's landmark congress, which ended early this But comments by deputy prime minister Tran Duc Luong

seemed to confirm Dung Quat is still a priority. Work must start by December, Mr Luong was quoted as saying. The site, 1,000km north of Vietnam's offshore oilfields, was last year deemed uneconomical by the French oil company Total. In March, the state oil agency PetroVietnam and a foreign consortium including South Korea's LG Group, Malaysia's Petronas, and Stone & Webster and Conoco of the US, agreed to carry out another feasibility study. Jeremy Crant, Hanoi

MPs seek prize for dissident

Some 100 British parliamentarians have nominated Chinese dissident Wei Jing Sheng for the Nobel Peace Prize. Mr Wei, a supporter of democratic reforms, was sentenced to 14 years' jail in December on charges of seeking to overthrow the government. He is "a worthy candidate for the honour," said Mr Denis MacShane, the Labour MP, in his submission to the Nobel prize committee. Peter Montagnon, Asia Editor, London

Other newspapers blamed of providing information on sing standards of protection of Countries are keen to become 'dialogue partners' of a key Asian grouping

Asean success lures western interest

r Ali Alatas, Indones-ia's foreign minister, was growing impatient. A western journalist had just asked his third consecutive question on the subject of democracy and human rights. "Don't dictate to us and say

of democracy is good or only the US type of democracy is good," Mr Alatas said. "That is either intellectual arrogance or intellectual impotence." be added, starting a ripple of applause from Indonesian journalists and officials Mr Alatas was talking as chairman of this week's meet-

ing of the Association of South

East Asian Nations (Asean), an

increasingly powerful grouping of seven Asian countries. The Asean nations cover 425m people with a notional gross domestic product bigger than Australia's. They control some of the world's most crucial shipping routes and several of them boast annual economic growth rates of more than 7 per cent. Foreign invest-

region and intra-Asean trade is booming as tariffs fall. But on a more general level. Mr Alatas' comments were an assertion of what Asean cherishes most - an identity distinct from the west and a belief that quiet diplomacy and cooperation are more effective than confrontation. In the words of Mr Domingo Siazon. the Philippines' foreign minis-



Foreign ministers doing things with 'a whisper not a shout': Singapore's Jayakumar (left) and Slazon of the Philippines Rule

China. India and Russia were day of bilateral and multilat-

ter, one needs "only to whisper sworn in this week as new diaand not shout" to get things done in Asean.

But now, it seems, Asean's cosiness is under threat. New nations are being inducted into Asean and into forums on the ment is flooding into the fringes of it. They are bringing with them a blizzard of new issues which are tending to blurring the group's focus. The seven Ascan members - Thailand, Malaysia, Indonesia, Singapore, the Philippines. Brunei and Vietnam - are already outnumbered by 10 "dialogue partners" which take part in various discussions,

mainly on security issues.

logue partners but still more countries are keen to join. Adding to the crush are Britain and France which have applied to become dialogue partners, though they are

already represented by the European Union. In all, 21 foreign ministers took part this week in the Asean Regional Forum, Asia's prime vehicle for security issues. The talk ranged over a host of issues, some with marginal relevance to Asean. One tired Asean official sighed as he recounted some of

the topics covered in just one

But it is the grouping's growing strategic importance that makes it attractive to the world's big nations. The west regards it as a useful counterweight to China's expanding military and political power. China, for its part, views it as a check to US influence in the region, Chinese diplomats said. In past years, dialogue part-

eral meetings under the Asean Regional Forum - peace in for-

mer Yugoslavia, peace in the

Middle East, Hong Kong after 1997, talks on the Korean pen-

insula, a global nuclear weap-

ons test ban, human rights in

Burma and labour rights under

the World Trade Organisation.

that we only caress the issues,"

We touch so many subjects

ners met several Asean ministers but now, because of the forum's size, each dialogue partner can only talk to one Asean foreign minister, who is flanked by senior officials from the six other Asean nations. "We are losing the personal touch between foreign minis-

ters which was so important to the Asean philosophy." added the Asean official. He said he believed there should be a moratorium on new participation in the Asean Regional Forum and an agenda focusing on issues strictly relevant to the

The admission of Burma as an Asean observer last week was heavy with strategic overtones. Mr Alatas' replies to

western journalists were a rebuttal of a views held by many western countries that isolating Burma's military rul-ers will help to bring political reform to the country. Burma has a close military

relationship with China and many observers saw Asean's embrace of Rangoon, despite western protests over the country's human rights record, as an attempt to check the slide into China's arms. Burma is due to become

full Asean member by 2000 but there are efforts afoot to invite it into the club along with Laos and Cambodia at the grouping's 30th anniversary next year. Such a scheme would restore the symmetry of 10 Asean members and 10 dialogue partners. But it would also raise the prospect of a two-speed Asean in which three or four less developed economies would trail the others in efforts to liberalise trade.

Vietnam, which was admitted last year, has already been given until 2006 to reduce almost all tariffs to below 5 per cent - three years later than the rest of Asean. The progress of Laos, Cambodia and Burma toward a liberalised economy is expected to be slower than Vietnam's and fraught with the problems of reforming a highly centralised economy.

James Kynge and Ted Bardacke 1995. Harate misses deficit target

Cann clinches 1-16 deal

Japan store

sales up 3.7%

Mar har well, ampaign side

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garage and

4676 = 1 - 1 - 1 - 1

the surfer times a party little

Mexican government is left with \$2.5m in least by exports of Mexican government is left of \$12.5m last year, compared with a peak of \$12.5m last year, they would also help iron out a hump in debt repayments from the two main US rating agencies. They would also help iron out a hump in debt repayments faced by the government in a hump in the peak of \$12.5m last year, They would also help iron out a hump in the peak of \$12.5m last year, They would also help iron out a hump in the peak of \$12.5m last year, They would also help iron out a hump in the trops when the last of \$12.5m last year, They would also help iron out a hump in the trops when the last year in the two main US rating from the two

US-le/ Mex/ yea/ bi big international note issue launched this month, which the government said yesterday had been doubled in size to \$6bn, making it one of the larg- had said it would prepay est

Banks and other financial A politician you can do business with

r Frank McKenna could easily be mis-taken for an ener-getic North American chief

executive shaking up his com-

pany and hustling for new

major initiative in service qual-

ity," he said in a recent speech.
"It allows us to provide better service to our custom-

ers ... and ... empowers our employees." Newspaper adver-

tisements urge anyone wanting to do business with him to call

Mr McKenna is in fact pre-

mier of New Brunswick, one of

Canada's four Atlantic prov-

inces. In the nine years since

his Liberal government took

office, he has embraced busi-

ness with a fervour seldom

seen among Canadian politi-

province's 730,000 residents

and his "employees" its civil servants. "We intend to be a

quality-driven, not a red-tape

ridden, customer-responsive

government," he told the legis-

lature earlier this year. "If

we're not - tell us. You are

the client. You are also the

But Mr McKenna is best

of outside investors. With shir-

tsleeves rolled up his forearms,

the premier said in an inter-view earlier this month that "I

view my role as being the chief

executive officer of our busi-

known for his tireless pursuit

His "customers" are the

1-800-MCKENNA toll-free.

"We have embarked on a

will allow Mexico next month This follows the success of a to repay early \$7bm of US government loans and \$1bn of International Monetary Fund loans extended in the bailout. Previously, the government

ness development. We cam-

paign relentlessly for new

His strategy has paid divi-

dends on two fronts. It has

drawn investors to a part of

North America that few were

likely to consider five or 10

three elections. Mr McKenna

has gained respect well beyond

New Brunswick's borders to

the point where he is men-

tioned as a potential successor

to federal prime minister Jean

Mr Don Cayo, editorial page editor of the Saint John Tele-graph-Journal, the province's

leading newspaper, says none

of the premier's critics has

been able to match his

clear-cut sense of direction.

Chrétien.

It has also helped him win

the chances that last year's Mexican bailout, backed by President Bill Chinton, will surface in the US political debate ahead of the November presidential election. Mr Guillermo Ortiz, Mexico's

private financing \$4.7bn in US Treasury loans in finance minister, said that the notes will be 3% years, ations ever.

August. because the private financings The success of the issue is nks and other financial The prepayments mean the were cheaper than the US part because the notes carri

Bernard Simon on the investor-friendly premier of the Canadian province of New Brunswick

Mr. Frank McKenna could easily be missing the could easily be missing the country of the corner and the corner

"There's more style than sub-

stance, although there's quite a

lot of substance," Mr Cayo

Canada's "have-not" provinces.

For years, it has boasted little

more than vast forests and

some of North America's best

salmon streams. It has had lit-

tle to offer commerce and

industry as the centre of grav-

ity in North American busi-

ness moved west and then

The province has relied

heavily on transfers from Ott-

awa in the form of unemploy-

ment insurance, welfare and

subsidies designed to equalise

living standards among Cana-

da's 10 provinces. The unem-

New Brunswick has recently

ployment rate is 12 per cent.

south.

New Brunswick is one of

NORTHWEST TER

with \$3.5bn in loans to the US reduce Mexico's interest from the two main US rating banks and other financial

rity of five years and an interest rate of 2 percentage points (200 basis points) over three-month interbank rates. The government will start making repayments in 1998, meaning that the average maturity of The success of the issue is in part because the notes carried

acquired a potent selling point,

however. Its telephone com-

pany, known as NBTel, has

gained a reputation as an

unusually entrepreneurial util-

ity. New Brunswick claims to

be the only US state or Cana-

dian province with a fully digi-

tal phone network. All NBTel's

300,000 subscribers have access

to voice mailboxes as part of

their basic phone service. Every school has an Internet

Mr McKenna, who jokingly

introduces himself as NBTel's

vice-president for marketing,

has seized on this modern

infrastructure to attract the

telephone "call centres" used

by many businesses to take

orders, handle customer que-

ries, or book travel reserva-

connection.

loans last year - means that the notes are rated more Mr Ortiz said that the banks.

led by SBC Warburg and J.P. Morgan, which formed part of the original banking syndicate underwriting the notes, would

Almost 40 companies,

employing more than 3,000 peo-

ple, have set up call centres in New Brunswick, mostly in

Moncton, formerly a gritty rail-

way junction. The newcomers

include Air Canada, Federal

Express, Xerox, Royal Bank of

Canada and several hotel

The province also has the

advantage of a relatively large

French-speaking population, enabling the centres to handle

calls from all parts of Canada.

But several centres cover the

broaden the quest for invest-

ment. Mr McKenna notes that

workers compensation premi-

ums in New Brunswick are the

lowest in Canada. With the

The aim now is to try to

whole of North America.

institutions applied to sub- Mexican government is left loans, the operations would an investment grade rating rest would come from 180 instruments. A fifth of the applications came from European institutions and around 12 per cent from Asia.

The speed of Mexico's return to the international financial markets after last year's crisis has surprised many. Mr Rogehighly that the straight debt of the Mexican government. lio Ramirez de la O. a Mexican economist, said external events had helped Mexico. "With high international liquidity, low US interest rates, and US growth, Mexico couldn't have had a financial crisis at a better

plus, he says tax cuts are

round the corner. And finan-cial incentives for the forestry

industry are now confined to

Some concerns have been

raised about the premier's

record. Prof William Milne of

the University of New Bruns-

wick, in a monograph titled The McKenna Miracle: Myth or Reality? gives Mr McKenna credit for instilling a new

entrepreneurial spirit, "into

[the] public no less than [the] private sector". But he con-

tends that rural areas have

reaped little benefit, and he

questions the use of taxpayers'

money to attract business

Mr McKenna's goal of creat-

ing a "self-sufficient society" is

clearly still years, if not decades, away. His role in see-

ing the job through is uncer-

Despite his popularity, Mr

McKenna insists the curtain

will come down on his political

career when he decides to

relinquish the premiership.

According to a close friend, he

is keen to earn some "serious

processed products.

Dole hints at tax cut plan

By Patti Waldmeir in Washington

Mr Bob Dole, the Republican presidential contender, yesterday began revealing some of the details of his long-awaited economic plan, which could include a tax cut of as much as \$600bn over six years. Campaigning in Pennsylva-

nia, Mr Dole revealed his annoyance at moves by senior Republicans to prod him into announcing his economic platform immediately. "We haven't announced it yet. Others have. It's not my announcement and it's not my plan," he said, referring to a highly publicised tax-cutting plan unveiled ear-lier this week by the party's congressional leadership, Many top Republicans are frustrated by Mr Dole's tardiness in

announcing his own proposals. Mr Dole yesterday told a group of small business owners in Harrisburg, Pennsylvania, that he would reduce the size and powers of the Internal Revenue Service, the tax-collection

agency, and exempt small busi ness investments from capital gains Laxes.

He made no comment on the scope of his overall economic package, but his aides, commenting on published reports, confirmed that a tax cut package totalling about \$600bn over six years was "under serious consideration." One option would be to cut taxes by 15 per cent, and another to repeal the tax increases of 1990 and 1993, both of which would cost an

estimated \$100bn per year. Mr Nelson Warfield, Mr Dole's spokesman, stressed that the plan remained a "work in progress."

According to a working paper leaked to the Washington Post, Mr Dole's tax cut proposal would pay for itself largely through increased tax receipts resulting from higher economic growth. Increased revenues would be needed to the federal budget deficit, an outcome Mr Dole has pledged

Durable goods

Tentative signs that economic growth could be slowing after a strong second quarter contributed to gains in US share and bond prices yesterday.

said new orders for durable goods fell 0.8 per cent in June. a steeper decline than most economists expected. Separate data showed a 2.3 per cent decline in sales of existing homes last month - a sign that higher mortgage rates may be beginning to damp demand.

money" in a job outside gov-Mr McKenna, who is a lawyer by training, appears to harbour doubts whether his suc-cess as the head of a small regional government can be replicated on a national scale. "If you're a hands-on manager, you have to pick your spot," he a point, pushing the yield down to 6.996 per cent. The drop in orders followed a robust 4.2 per cent gain in May and left orders 8.4 per cent up

on the same period last year. Excluding the volatile defence and transport sectors, orders were down 2.3 per cent last month and up only 2.2 per cent on an annual basis. Orders for non-defence capi tal goods excluding aircraft

often seen as a proxy for civilian investment demand - rose slightly in June, but were down at an annual rate of 8.3 per cent in the second quarter. "My feeling is that we will see a slowing of growth in the second half," said Mr Bruce Steinberg, a senior economist at Merrill Lynch in New York. He said the Federal Reserve

orders decline

in Washington

The Commerce Department

The figures provided some relief for nervous investors

who have been selling financial assets in recent weeks on fears that rapid economic growth would trigger increases in short-term interest rates. By midday the Dow Jones

Industrial Average was up 57.83 at 5,412.02. The bencheconomic data were subdued.

might avoid an increase in short-term rates next month if

province's budget now in sur-ATLANTA OLYMPICS

Swansong for Britain's black king of the track



Linford Christie did not show up for the British Athletics Federation press conference at the Olympics village. Tony Ward, the press attache, intro-duced Ian Mackie, a young sprint hopeful. But we had all fought our way through the grid-lock of Atlanta traf-

fic to see Linford. There will soon be plenty to see, and hear, of Christie - starting today in the heats of the 100m sprints, the event he dominated for much of the past decade with gold and silver medals at the last two Olympics and world and European championship titles. Win or lose, this will be his last big

Last year, from every pulpit in Britain, a stony-faced Christle declared that he would be retiring at the end of the 1995 season, and so would not defend his Olympic title. There were those in the media who dared to be sceptical. An inability to pick the right time to retire has long characterised the autumn years of British sporting lives. From soccer legend George Best to Olym-pic figure-skating duo Torvill and Dean, many have executed a clumsy U-turn in the wake of their desire to "bow out at the top."

Christie's premature announcement was different only in that it served to intensify the belief that here is a sportsman who fails to understand his own part in the often hostile relationship between himself and the British media.

of the media, and loathes their scrutiny. He tries to manipulate an area beyond his control. Which is a shame, because Christie is one of the most important and successful

British sportsmen of recent years.

The US writer James Baldwin once pointed out that such media attention is simply "the price of the ticket", and one has to learn not to retaliate but to anticipate. Sadly, sprinters are notoriously reactive individuals, whether to gun or pen. In Christie's case, this edginess is complicated by another factor. Linford Christle is black and, as

he states clearly in his autobiography, he believes Britain to be institutionally racist. He grew up in west London, in the emotional zone between the solid Christian fundamentalism of his parents, and the limited ambitions of his working class friends. There was nobody to help him negotiate a path between these two realities. This social, and generational, confusion was always complicated by issues of race, in a Britain which suffered outbreaks of rioting and looting in the early 1980s by black youth against a society in which they felt they had no

Christie's renowned patriotism, exemplified by a memorable shot of him after the 1986 European championships draped in a Union Jack, was born out of this tension and insecurity, out of having to make a decision to move beyond the ner-vous hesitency of his upbringing, and placing his feet on solid ground where he might achieve.

His gesture with the flag declared, "I am British - deal with it." It got him into trouble with the

Christie both seeks the attention European athletic association, who fithe media, and loathes their scruearned him adverse comment from some in the British black community, unhappy that he should appropriate a symbol of "oppres-

> Ten years on, Christie's impatience with the media is partly underscored by the fact that few journalists, if any, acknowledge the hugely important role Christie has played in changing people's percep-tions about modern Britain, both at home and abroad. It may be that the legacy of Christie's achievement will not be his athletic achievements, but his donning of the Union Jack back in 1986. At precisely the moment when a second-generation of black British youths were in need of someone to tell them that they belonged, along came Linford Chris-

Having struggled my way to the press conference, I was doubly disappointed when I realised that mine was the only black face in the room. Under Christie's leadership, the British track and field team have been the most visible manifestation of a multi-racial Britain. Neither in parliament, nor in business, nor in other big sports, is the complexion of late twentieth-century Britain fully reflected.

Tony Ward guided Ian Mackie through an orchestrated series of questions about his hopes and aspi-rations. As British TV crews slipped away, Ward confirmed that Christie would be doing a conference for his sponsor. Puma, at a different venue, on a different day. Such are the realities of sport in the modern exa.



Caryl Phillips Linford Christie dons the Union Jack at the 1992 Barcelona Games

India laments lack of a sporting chance

this populous land sent just 49 athletes to Atlanta. Those 49 carry very modest medal hopes, for a country that has won gold medals in only one sport, men's hockey, in the 50 years since its independence.

India's only athletics medals are two silvers for the 200m sprint and 200m hurdles in the Paris games of 1900 by Norman Pritchard, a Calcutta resident during British rule who, legend has it, "just happened"

to be in Paris at the time. Night-owl Indians can watch the games, on live broadcasts courtesy

nly China exceeds India's of state TV channel Doordashan. population of 920m, but this populous land sent just everyone in India will be watching," says Mr KP Mohan, senior writer with Sportstar, an Indian sports magazine. "If we start losing then there'll be a huge debate on why such a massive country can't produce any athletes."

Explanations for India's poor showing abound. They range from dismal facilities, low levels of nutrition, high levels of poverty, to the low profile sports apart from cricket enjoy in Indian society. But lack of money is the most without any hope," he says.
"All of them will be eliminated in

the first round. They've all gone without any of them having competed anywhere else in the world they don't have the money." State aid for sport is tiny. Federal

spending on "sports and youth services" last year was \$27m, 0.058 per cent of total spending. Commercial sponsorship is only now seeping into sports other than cricket - a modest trend encouraged by recent sport coverage on satellite chan-nels, such as Star Sport and ESPN. As more US and foreign multipa-

tionals arrive, using sport as a tested marketing tool, there is the promise of more funding to come: India's Olympic team is sponsored

by AT&T, Coca Cola and Citibank. India's last gold medal was at the boycott-hit 1980 Moscow games, and bockey again looks India's only good bet this time, though the side lost its first game against Argentina and only managed a draw with Germany, before hitting form with a 4-0 thrashing of the

But the handful of Indian shooters, swimmers, archers, weightlifters, boxers, judokas and tabletennis players in Atlanta will largely be content just to have taken part. The boxers, weightlifters and shooters all fell at the opening rounds.

A similar fate looks likely for India's track and field athletes. But another failure won't change anything, thinks Mr Mohan. "There will be questions in parliament, a committee will be set up, probably. Then everyone will forget about it. We have so many thousands of other problems to worry about."

Mark Nicholson

ATLANTA DIGEST

Japan volleybali victory over US

After a surprise win over Brazil in men's football, Japan have now upset the US in beach volleyball, the sport invented on the shores of California. The Japanese duo of Sachiko Fujita and Yukiko Takahashi yesterday eliminated the third-seeded US pair Gail Castro and Deb Richardson, knocking out the first of the three US teams in the inaugural Olympic tournament. ""We had expectations," said Richardson.

Back-up system for athletics results

Olympic Games organisers are setting up a "belt and braces" back-up system for transmitting athletics results to news organisations in case earlier problems have not been solved. The system devised by IBM to transmit results to news agencies has been plagued by problems since the start of the games. Although the Atlanta organising committee said the service was improving, it and IBM were setting up a back-up system for the athletics programme, starting today, as a precaution.

Smith cleared of drug misuse

Ireland's triple gold medallist swimmer Michelle Smith, centre of a row between Ireland and the US over drug allegations, was cleared yesterday when the first round of drug tests from the Atlanta Olympics were announced. But Australian sprinter Dean Capobianco and Italian high jumper Antonella Bevilacqua were cleared yesterday to compete in the games despite recent positive drug tests.

Rowing

Men's double sculls semifinals (first three to final), Heat 1: 1 Italy 6:37.49; 2 Norway 6:40.15; 3 Germany 6:42.57.

Men's hockey preliminaries, Group B: South Korea 3, South Africa 3.

Men's 50-metre free rifle prone shooting: 1 C Klees (Germany) 704.8 (new

world record).

Three day event individual standings after cross country round: I B Tait (New Zealand) R Teddy 56.80; 2 S Clark (New Zealand) Squirrel Hill 60.40; 3 K Millikin (US) Out and About 67.20. Also: 7 M King (GB) King William

Today's highlights Athletics: Men's 20km walk, men's triple jump qualifying, women's 100m

heats, men's 100m heats, women's 400m heats, men's shot put. Shooting: men's 25m sport pistol; men's skeet; women's 25m sport pistol; men's 10m running target. Swimming: Men's 1500m freestyle, men's 200m backstroke, women's 200m

butterfly, women's 50m freestyle, men's 4x100m medley. Waterpolo, quarter-finals: Yugoslavia v Crontia, Hungary v Greece, Hockey: Men's preliminaries: Pakistan v India.





UK NEWS DIGEST

strike had gone ahead.

a "last ditch initiative".

■ NATIONAL LOTTERY

■ LLOYD'S

End in sight

for mail dispute

A settlement of Britain's postal dispute appeared imminent last night, but there was no sign of any early end to the Lon-

don Tube drivers strike that brought another 24-hour shut-

down in the capital and widespread traffic chaos vesterday.

The breakthrough in the postal dispute was reflected in the

decision by the Communication Workers union executive to

call off its planned 24-hour strike for today saying "consider-

able progress" had been made towards a deal after four days of

negotiations with Royal Mail at Acas, the conciliation service.

no longer need to go ahead with its threat to suspend the Royal Mail's monopoly on letter services from today. Mr Ian Lang, the trade and industry secretary, had intended to open

up the postal services temporarily to competition if today's

Names' fraud claim 'high-risk' Dissident Lloyd's investors who tempted to turn down the market's £3.2bn (\$4.99bn) out-of-court settlement offer and rely

instead on trying to prove that they are the victims of fraud to win compensation were warned yesterday that it was a "high risk strategy". It is understood the idea is being widely can-vassed among Names – the investors who traditionally sup-

port the market with their personal wealth. In a letter to 24,000

action group Names, three leading figures describe the idea as

Sir David Berriman and Sir Adam Riley, of the Association of Lloyd's Names and Mr Tom Benyon of the Society of Names

said investors would lose all the benefits of the settlement for

charge of fraud would invalidate Names reinsurance and other

insurance cover. "It would also simply push losses backwards to the Names," they said. Jim Kelly, London

Camelot, the National Lottery operator, confirmed yesterday

that it hoped to expand to other countries, but refused to com-ment on a report that it had expressed an interest in a pro-

posed lottery in South Africa. Under its UK licence, Camelot is classified as a "single purpose company" which is not allowed to enter any other business without the consent of Mr Peter

Oflot, the lottery regulator, said it would scrutinise any

proposal for an overseas venture by Camelot or any of its five owners. Responding to the report, in Electronics Times,

Camelot said that it had held discussions with South African

British Midland airline was yesterday fined £150,000 (\$234,000)

after admitting criminal breaches of aviation safety laws when

maintenance errors almost caused an airliner carrying 183 pas-

Operator looks overseas

Davis, director-general of the National Lottery.

authorities as it had with lottery operators in other

the risks of a legal action. They also claim that if proven, a

The union's conciliatory gesture means the government will

Robert Taylor, London

The next Tube shutdown is due on Monday.

British Gas has sent a shock wave through the government and the North Sea oil industry by demanding a £1bn (\$1.56bn) rebate on gas levy payments made over the past 10 years

since the company was privatised. The company, which is under intense regulatory and competitive pressures, issued a writ on Wednesday against the Department of Trade and Industry to recover the funds. It also threatened to withhold part of its next quarterly gas levy payment, due next month, unless the issue was resolved.

The DTI says it would be liable if British Gas were to win its case.

The gas levy was imposed in 1981 on low-cost gas fields, mainly in the southern North Sea. It was meant to prevent British Gas - when it was a state-owned company - from gaining windfall profits in the wake of the 1970s oil shocks. A total of almost £3.2bn has been collected by the Exchequer from the levy over the past

British Gas, which has previously asked for the levy to be lifted, said it The company's surprise move was not challenging the law. It has

forced the DTI to issue parallel writs against 27 oil companies which produced the gas bought by British Gas.

merely found a legal loophole which it says should have exempted it from paying the levy due on 24 contracts covering eight North Sea fields.

Company executives yesterday denied that the writ was connected with the company's dispute with North Sea producers and the government over \$40bn of long-term gas contracts that it wants renegotiated. "This is not an aggressive use of a

legal issue to obtain bargaining chips" in a wider dispute, said one executive. But one industry analyst vesterday suggested that the company was "going back to the past to make progress in a future" which was filled with financial uncertainty.

The DTI has rejected British Gas's position, but said it "could not ignore the risk, however small, that British Gas may prove to be right". No action would be taken to serve the 27 "protective" writs unless British Gas pro-

ceeded with its claim, The DTI added. British Gas contends that the 24 contracts, all of which were signed before 1975 and all of which are long-term sales contracts, have evolved substantially over the years in to virtually new agreements, with many new parties replacing the original producers.

As such they should come under the 1990 Finance Act which specifi-cally made British Gas or the producers liable for the levy. British Gas was effectively solely liable under previous legislation.

British Gas says its is not asking the producers to assume such responsibilities, although executives admit that would be the outcome if they won their case.

It was unclear last night whether British Gas would get to keep the fibn if it did win Executives said they had a responsibility to shareholders to make the claim. But the Gas Consumer Council published part of a 1989 letter from the company, in which it said that ".... any reduction in the levy would be passed on to

McDonnell Douglas among losers as strategy to modernise the armed forces is confirmed

Most of £3.5bn defence contracts stay at home

industry was celebrating yes-terday as £3.5bn (\$5.46bn) worth of delayed British defence orders was announced. Three-quarters of the contracts are likely to be completed directly by British industry.

The winning bidders have promised to place additional work on other projects in the UK - worth a quarter of the value of the contracts that will be done outside the UK.

Among the disappointed losers, McDonnell Douglas, the US aerospace giant, had felt that its cruise missile was the cheapest, the favourite with the Royal Air Force, and offered the prospect of commonality with the US Air Force, for which the company is producing a similar missile.

There were some battered grins in the RAF which has had to fight a tremendous rearguard action to prevent its cherished weapons from slipping into a Treasury limbo. However, the modernisation of the force will go ahead, offset-ting some of the pain of the personnel cuts of recent years.

From a wider UK Ministry of Defence perspective, securing the orders has also kept its strategy of having a smaller, but more capable, force intact after it had come close to being undermined.

Politicians were fighting shy, dissipating some of the kudos supposed to flow from the announcement of a large preelection package of work for the hi-tech part of the engineering industry. The MoD had wanted to make a big splash in parliament with the orders two weeks ago, but became locked in a battle with the Treasury and parliament went into its summer recess before the orders were finally released.

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FUN. EXCITEMENT AND FANTASY

Winners in the battle for the big contracts Cruise missile Maritime patrol aircraft Anti-tank missile Nimrod 2000 Storm Shadow Brimstone Value: £600m Value: £1.8bn Value: **£650m**... Main contractors

maintain about 1,600 jobs in 80

engineering companies across

the UK. GEC says that its

£650m anti-tank missile, Brim-

stone, will provide work for

3,000 people in 25 large sub-

panies were also among the

losers. Hunting Engineering

felt that its anti-tank weapon,

for a long time the favourite,

offered the cheapest cost to the

MoD and was actually the win-

ner of the procurement compe-

tition, but that it was over-

turned by political lobbying from GEC. Shorts of Belfast

had hoped that winning both

missile contracts would create

400 jobs to replace some of the

outline chronology beginning

with a formal opening session

of all-party talks next Monday

after a breakthrough this week

in the procedural deadlock.

The talks are expected to

adjourn until September 9

when parties will be invited to make formal statements relat-

ing to the future of Northern

Ireland and move to establish

"an agreed machinery to carry

forward the work on decom-

Deadline set for N Ireland talks

Two small UK missile com-

In the confusion of yester-

day's rushed announcement.

figures on the number of jobs

created, the value of the con-

tracts and even the identity of

some of the winners started to

get blurred. It was clear, how-

ever, after brutal price compe-

tition had cut profit margins to

the bone, that not even the

winners would be retiring to

the Bahamas on the profits

some long-standing favourites

were celebrating. British Aero-

space and Matra of France won

the cruise missile competition,

and BAe also clinched the larg-

est contract for replacement of

the Nimrod Maritime Patrol

When the dust had settled,

from the deals.

Role: motor proc Value: £30m Royal Ordismos (RO) Role: warrand

Aircraft. GEC took the anti-

tank weapon contract, over-

turning an earlier lead by

The £1.8bn Nimrod replace-

ment contract will create or

sustain around 10,000 jobs in

the UK, according to BAe. As

well as providing work for the

UK defence industry giants -

BAe, GEC and Rolls-Royce -

much of the work on Nimrod

will trickle down to lower tier

tracts is concentrated on the

main contractors and several critical components makers.

Nonetheless, BAe estimates

that work on its £500m Storm

Shadow missile will create or

UK and Irish officials have

agreed that talks on substan-

tive issues relating to the

future of Northern Ireland

should begin "no later than

The setting of a deadline on the start of the so-called three-stranded talks - determining

the future relationship

between parties within North-

ern Ireland, between Belfast

Work on the missile con-

Hunting Engineering.

Value: \$70m FR Aviation (FR Avi

contractors.

700 so far lost because of the

collapse of Fokker. Amid much

muttering that the orders were

fixed for favoured UK manufac-

turers, there will undoubtedly

be a post-mortem on the way

that the procurement process

has worked in the current bids.

a purely competitive process

wins – has taken a dent.

where the best value offering

There has clearly been a

shift in MoD policy towards an

implicit industrial strategy. In

placing the orders, it has cho-

sen to bolster BAe in both air-

craft and missiles, and GEC as

its missile-seeker champion. It

may force rationalisation

around big industrial groups.

setbacks of recent weeks,

although there remained con-

siderable scepticism about the

a shared sense of the general direction in which things

should move, and what the

majority of people in Northern Ireland want. It could all

still be blown out of the water though," the official

"Both governments still have

chances of success.

The idea the MoD's system is

AIR SAFETY British Midland fined

British Aerospace has been talking to defence companies in France and Germany for many months. An increase in the workload in its factories will strengthen its hand in any

merger negotiations.

Most immediately, the cruise missile deal secures the joint venture between BAe and Matra in missiles and binds the two closer together in their bid to buy Thomson-CSF, the French electronics company due to be privatised shortly.

According to Irish officials,

the way the proposed chronol-

ogy has been set is a confi-

dence building measure aimed

at paving the way eventually for a resumed IRA ceasefire

and the involvement of Sinn

Mr David Trimble, the leader

of the Ulster Unionists, said he

was "quite pleased" with the

way in which the procedures

for drawing up an agenda had

been structured, but insisted that the issue of decommission-

ing would be at the top of the

He added that "Northern

Ireland's future within the UK"

agenda in future talks.

could not be negotiated.

Fein in the talks.

The awards also strengthen moves towards a wider rationalisation of the European defence industry - needed if it is to survive against growing US competition.

> In what the Department of Transport describe as a "potentially catastrophic emergency", the airliner lost almost all its engine oil after maintenance engineers failed to refit engine covers during a routine inspection last February. Shortly after take-off, the crew noticed the drop in oil pressure and made an emergency landing at Luton airport. The fine followed publication of a Department of Transport

sengers to crash shortly after take-off.

report into the incident which criticised both the airline and the Civil Aviation Authority for inadequate procedures. The case was the first criminal prosecution ever brought by the CAA against a scheduled UK airline. British Midland admitted two breaches of the Air Navigation Order 1989 by endangering the lives of both passengers and people on the ground. John Mason and Scheherazade Daneshkhu

■ SIR DAVID NICOLSON

Respected businessman dies

Sir David Nicolson, who died recently at the age of 73, was the first chairman of British Airways and as such the man brought in to merge BOAC and BEA, the two state airlines. Sir Colin Marshall, current chairman of British Airways, paid tribute to Sir David, calling him "a highly respected and recognised businessman of the country".

Sir David served in World War II and subsequently joined Vickers. He became chairman of the P-E Consulting Group and was credited with being one of the first to introduce American business techniques into the UK. He was appointed chairman of the new BA board in 1971, while continuing as chairman of BTR, the engineering group.

After the successful merger, he left BA in 1975 to become chairman of Rothmans International, the tobacco group. He sat on the board of many companies during his career. including VSEL, the shipbuilder, GKN and Tace, the engineering groups. He was elected to the European Parliament in 1979. Scheherazade Daneshkhu

Officials are hoping to make the issue of decommissioning and Dublin, and between Lonmissioning". don and Dublin - was con-A senior official close to the part rather than a focus of the talks, although London and Dublin remain divided as to tained in a document circutalks said the document had lated prior to talks chaired in been drafted with the aim of giving a "necessary impetus to the timing for forcing the Belfast yesterday by Senator George Mitchell. the peace process", after the Competitive pricing aids upturn in EU exports By Gillian Tett,

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Fresh hints that the UK economy may be gathering steam emerged yesterday after official data showed that UK exporters were seeing strong overseas growth again. In particular. UK companies are now having much more success in selling their goods in main-

land Europe. This surge in trade is in sharp contrast with the pleture seen in 1995, when an export slowdown soured the previous year's export boom. boosted hopes that UK manufacturers may now be becom-

ing more competitive - not least because their sales to Europe have been rising in face of weak demand in countries such as France and Ger-Nevertheless, the trade fig-

ures are subject to some uncertainty, not least because they have recently been revised. And with business surveys still suggesting that some companies are finding export markets difficult, price competition remains intense. Measured overall, the Office for National Statistics said

that exports totalled a season-

ally adjusted £14bn (\$21.84bn)

Index 1990=100° Excluding oil and emilion

in May, while imports were £15bn. April's underlying deficit was £1.4bn. It is uncertain whether this improvement will continue into June: the trade data on countries outside the European Union – which is published before the EU data shows that the non-EU deficit widened to £1.1bn in June

from £814m in May. Nevertheless, this increase in June's non-EU deficit largely stemmed from erratic items, and the underlying to countries outside the EU trend in the deficit was broadly flat. However, the more interesting shift in the numbers concerned the pattern of exports. Measured in

volume terms, excluding oil and erratics - the most reliable guide to the trend - these grew 3.9 per cent in the three months to May, compared with the previous three months. Compared with the same

period a year earlier, the rise was 8.9 per cent. This is about double the rate of yearly growth achieved during the 1980s, and much bealthier than the pattern expected by economists. It is also higher than the rise in import volumes, which were 8 per cent higher in the three mouths to May than a year earlier.

rose a healthy 4.4 per cent in the past three months. Although exports to Germany have fallen slightly, sales to France, Austria. Finland and Sweden have been sharply higher. Manufacturers have only achieved this export surge through competitive pricing: EU export prices have failen back by 0.6 per cent in the past three months, compared with the previous three

Meanwhile, export volumes were 2.7 per cent higher in the three months to June than the previous three months, and 9.4 per cent higher than the same

PUBLIC NOTICES



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NOTICE UNDER SECTION 11(2) OF THE ELECTRICITY ACT 1989

The Director General of Electricity Supply (hereinafter referred to as "the Director") pursuant to section 11 (2) of the Electricity Act 1989 (hereinafter referred to as "the Act") hereby gives notice as follows:

(a) He proposes to modify the conditions of the Licence granted to Midlands Electricity pic under section 6 (1) (c) of the Act by Inserting new Conditions 2A frestriction on activity and financial ring fencing) and 2B (availability of resources) and by amending Conditions 1 (definitions), 27 (disposal of assets) and 28 (provision of information to the Director);

(b) He proposes these modifications because the majority of the shares in the company holding the licence is now held by another

(c) In summary, the effect of the modifications

with small exceptions, to limit the Licence holder's business to the supply and distribution of electricity;

to limit the extent to which the Licence holder may hold shares in other companies within its group of

to require the Licence holder to act in a manner calculated to secure that it has sufficient management and financial resources;

(iv) to require the Licence holder to give an annual certificate as to the adequacy of its financial resources;

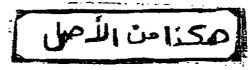
to forbid mortgaging assets or borrowing save for limited purposes;

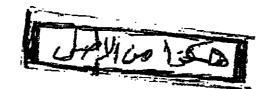
to restrict transactions with other members of its group of companies except on normal commercial terms;

(vii) to require undertakings from its holding company that other companies within the group will refrain from action likely to cause the Licence holder to breach its obligations under the Act or the Licence, and that other companies in the group will give the Licence holder all information necessary to enable the Licence holder to comply with its obligation to give information to the

A copy of the proposed modifications can be obtained (free of charge) from the Office of Electricity Regulation. Any representations or objections to the proposed modifications may be made on or before 26 August 1996 to the Director at the Office of Electricity Regulation, Hagley House, 83-85 Hagley Road, Edgbaston, Birmingham B16 8QG.

Authorised on behalf of the Director





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IT Senior Appointments





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exists a recognition in the power of systems to add value

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FINANCIAL TIMES FRIDAY JULY 26 1996

The company has recognised the crucial role that IS will play in their continuing goal of transforming the business and, as a consequence, are looking for a Group Business Systems Director to join the small strategic central team to lead the challenge of enhancing the organisation's compe advantage through IS.

Reporting to the Group Finance Director the successful applicant's key responsibilities will be:

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- Key Accounts Management
- Order fulfilment
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- Through the most effective methods enhance competence in IS/IT and promote a significantly better organisational understanding of its capabilities.
- Provide expert input and specialist support to major business projects and process reviews.

- . Define, develop and ensure effective implementation of IS related policies, standards and procedures. · Manage the transfer from old to new.
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- Review all iS/IT capital projects and make recommendations to the Group FD/CE/board
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For a confidential discussion please contact David V Holloway or Hugh Kingsmill-Moore (quoting ref FT0057) at Drax Dearman Associates on 0171 419 0247. Alternatively fax E-mail or post your CV to him at Drax Dearman Associates, Charlotte House, 14 Windmill Street, London W1P 2DY. Telephone 0171 209 1000. Fax 0171 209 0001. E-mail

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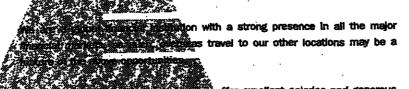
The development of in-house and vendor supplied document management applications will make you an integral contributor to high profile document management and client server projects. You'll be involved in bespoke API applications and provide user support and training. At least three years' client server experience using Sybase or another SQL database plus Visual Basic and/or Visual C++ under Windows 3.1/N7 plus a knowledge of LANs alongside an understanding of Document imaging and/or Workflow, will provide an idyllic match for this opportunity.

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You'll be involved directly with Traders and the Interest Rate Tactical Support Groups. The roles require experience in the use of MS Excel within Derivative Products and Financial Services, Sectfic experience in Window's NT, VBA, C, C++, SQL Server and ODBC will provide the ideal required skillset.

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Responsible for implementations and release contribution. Four years' detabase experience with at least two years in Microsoft or Sybase ight president and release co-ordination. Four years' database experience with at least two years in Microsoft or Sybase period design and formal change management procedures is essential.





FT IT Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

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public and in-company services are used by financial institutions and major corporations throughout the world. The IT division was set up earlier this year to meet the growing demand from our clients for courses dealing with the technological issues facing them today and early success means we are expanding our portfolio of courses at a rapid pace.

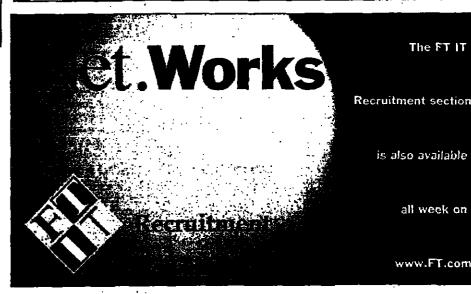
We are now looking for practitioners, consultants and academics with current market knowledge of leading-edge IT developments gained within a financial environment. We are particularly interested in the following areas: dealing room technology, financial applications of Windows NT, database management and configuration: OO Technology in the front office, and advanced development tools such as RAD and OLE etc. Other related knowledge will also be of interest.

Ideal trainers will be practitioners or consultants, experienced in 17 development in major financial institutions. IFF offers the potential of high earnings with the flexibility to suit your schedule. Previous training experience is desirable but more essential is the ability to communicate your expertise to others.

Please reply in writing with a detailed CV to:

Ms Lisa Myers, The International Faculty of Finance. 2nd Floor, Market Towers, 1 Nine Elms Lane, London, SW8 5NQ.







Net.Works

The FT IT Recruitment section is also available all week on www.FT.com

RECRUITMENT

he career aspirations of some of the UK's top graduates at this year's exhibition of graduate designers in London were revealing. All the design graduates I spoke to said they wanted a permanent job with an employer.

"This is what most people want but the full-time jobs tend to be quite thin on the ground," said Michaela Herron, a Manchester-based graduate.

Like many many of her contemporaries, her work was easily of a standard that would support a successful solo career. But she had been offered a full-time job which she thought she would take craving the security of full-time employment.

Graduates find it difficult to organise a freelance career once parted from the resources of the university design department. Lisa Jenkins, a graduate of Huddersfield University. was optimistic about selling one of her designs but admitted that she had little experience of negotiating a price. The difficulty is that we don't want to over-price ourselves or sell ourselves short," she said.

Jacqulyne Toose, a graduate of Chichester College of Higher Education, was hoping to sell a large wall hanging to the Design graduates shy away from the uncertainties of a freelance career, says Richard Donkin

Full-time aspirations

"It would have been so useful equipped to exploit the advan-tages of flexibility and instead to have had copyright explained at college," she said. are finding themselves vulner-Sharon Plant, one of the able to exploitation. organisers, said some univer-

Rover Group. This had

involved her in a first encoun-

ter with the laws of copyright

sity courses were beginning to

cover commercial and market-

ing skills, but there were still

very few of them. Jenkins said

that although she would have

found such a course valuable.

her own studies were so com-

been little room for it.

prehensive there would have

At least the students had a

shop window to parade their skills. Some companies, such

as Habitat, Liberty and

Osborne & Little, support the

exhibition with with awards

and exhibitions. For example,

Liberty, the London depart-

ment store, is planning to exhibit some students' work in

its new café. But not all poten-

tial employers are so support-

ive. I heard of one company

is becoming a reality the mes-

sage does not yet seem to have

Too few students are emerging

offering a job without pay.

Reference fears

he Bank of England has discovered what many of us already knew - that job references can be easily abused. Some banks, it appears, have been failing to take up references. There have also been instances of incompetent or dishonest staff receiving good references as part of deals persuading them to go quietly.

The Bank has warned against this practice in a letter circulated to 500 authorised banks. The letter, quite rightly, warns banks to consider the implications of failing either to check references fully or failing to give "frank references unsatisfactory former

If the proper use of references is being ignored there seems no point in having them.

is not confined to the UK.

Brian Chandler-Lorenz, who runs a consultancy in biotechnology and healthcare in Bad Krozingen, Germany, has drawn my attention to employment laws in German-speaking countries which require employers to provide references for employees. These so-called "open references", or Zeugnisse, are enclosed with CVs in job applications.

If the employee is not satisfled, he or she can demand changes. It is not uncommon for poor performers to return their first drafts with alterations to present themselves in a better light. Chandler-Lorenz says that the tendency is. therefore, to write such open references in carefully coded messages. For example, the phrase: "He always did his best to ... " means "He tried but couldn't do it."

Some employees have now been alerted to the codes. The open references, therefore,

Excellent Remuneration

The problem of delivering have become virtually worth sometimes in senior jobs. effective references, however, less but, says Chandler-Lorenz, Stephen Dorrill, who has car-The ridiculous custom is still followed and no-one would dare send in a job application without his Zeugnisse."

A secure future

ears are being expressed by the Lords public service commit-tee that privatisation of the Recruitment and Assessment Service, the organisation which recruits fast-stream civil servants and candidates for the security services, could pose a risk to national security. The peers fear worried that privatisation might allow a foreignheld company to gain control of intelligence recruitment.

Their concern might be more understandable if the intelligence services could boast a history of unblemished recruitment success. In any case, the intelligence services have relied heavily over the years on foreign-born nationals in their service,

ried out several studies of the UK intelligence services, points out that many of the most semior posts in MI6 were occupied by Russians up to the 1950s. There was a strong tradi-tion of recruiting white Rus-sians to counter the Soviet

The later exposure of the Dutch-born George Blake as a Soviet spy did, however, inspire some prejudice against foreigners. In future there is likely to be greater co-operation in intelligence gathering between member states of the European Union, so the approach to recruitment may be due for a re-think.

threat.

He says: "I can see the stage in 10 years where there could be a European intelligence service staffed by French, German and British officers along with other colleagues from their European partners."
In the short term, there

eign-owned recruitment ser-

seems little possibility of a forpractice.

vice. The shortlisted contractors are all British-hased. If one of them were to be acquired by a foreign buyer it might not be too difficult to ensure that its UK civil service activities were kept as a secure entity.

Foreign affairs

voiding the sack may not be the first thing that comes to mind when you apply for an overseas assignment. But a spell overseas may not be a bad idea if you are worried about your future job prospects in the company downsizing

Arthur Andersen, the management consultancy, has published a new study of international assignment policies which suggests there may be a lot of truth to the old saying, "out of sight, out of mind". It suggests that while the biggest multinational companies may have a firm grasp on their home-based personnel policies. their employment practices in overseas subsidiaries and joint ventures often fall short of best

A survey of 19 international

assignment policies among 60 multinationals found half made no provision for the possible termination of an employment contract during an over-

sess assignment. Some 65 per cent of the policies, said the report, did not deal adequately with repatriation and reintegration on completion of assignment. Other problems highlighted were failures to spell out details of medical cover or to consider any form of assistance for an

employee's partner. Karen Hamilton-Smith, head of Arthur Andersen's International Executive Services Practice, says the failure to operate effective controls of assignments mean that some companies are unable to quantify their costs or evaluate the

business returns. "Although employees are generally moved around the world under the terms of an established policy, such policies are often insufficiently flexible for a global marketplace," she says. "The result is that unnecessary costs are incurred, putting the company at a competitive disadvan-

International Assignment Policies. Arthur Andersen, 1 Surrey Street, London WC2R 2PS. Free

Post Acquisition Integration

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■ You will be expected to adopt a pro-active team building role. Acting as a facilitator of change, you must be capable of influencing at the most senior levels. To be considered, you should be able to offer the following:

 Project management and experience of pre-acquisition planning and management of post-acquisition integration. Substantial international reorganisations with a major consulting input. Capable of quickly gaining respect and credibility at CEO level. Highly developed business acumen and proven selling skills. Mobile and flexible.

• Degree qualified, preferably with an MBA. Fluency in more than one language is highly desirable.

In return we offer high calibre, ambitious individuals outstanding career development as well as a generous remuneration package including a car and PRP.

Please send your CV which should include details of your remuneration to Loraine Manzaroli, Recruitment Manager, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU quoting reference LM98. Alternatively send it to

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Group Risk Manager.

Crawley, West Sussex

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The evaluation, at both corporate and local operating level, of risk retention and risk

Close liason with insurance brokers and oth Promotion or risk man

The Person The ideal candidate will possess: A professional risk management qualificati with at least live years' relevant experience at background. Knowledge or experience of

be an advantage. All round technical and personal skills so as to

be credible and influential at all levels within the organisation. Drive, energy and initiative to create practical innovative solutions with minimum

The ability to prioritise, organise and coordinate projects to agreed deadlines.

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The salary offered will be comme rience. Additional benefits will include a contributory pension, 25 days holiday, share option scheme eligibility and private medical, accident and life cover.

To apply, please forward your CV together with

Michael Arnaouti, Company Secretary, Bowthorpe pic. RH10 2RZ.

The closing date for receipt of applications ls 16 August 1996.



throughout the Group

The EIB, the financing institution of the European Union with more than ECU 100 billion assets, is currently seeking for its Finance and Treasury Directorate in Luxembourg a

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European Investment Bank

A career in the heart of Europe



Duties: Leading and managing the division: • managing market risks with a view to optimising borrowing and investment of liquid assets, independently of the subsequent use of funds; • minimising risks in loan pricing; improving the range of loan products and setting up corresponding new financial instruments; • actively managing an existing debt portfolio of more than ECU 90 billion. Organising and supervising: • operations related to market risk management: - management of market risks; - hedging of exchange-rate and interest-rate risks on borrowings and loans; - setting up of new hedging instruments; - assisting with advice on financial engineering for loans; - tailoring loans to clients' requirements; - establishing base rates for loan pricing; - liaising with the Lending Directorates with a view to drawing up loan offers, advising on financial engineering; • management of outstanding borrowing. Qualifications: • Masters degree, with specialisation in financial studies (e.g. MBA); • at least 8 years' solid professional experience, in a post with responsibility in the fields of trading, derivatives and capital markets; • capacity to lead a team efficiently and cooperate constructively with other departments both within and outside the Directorate; • thorough understanding of computing, also on the development side, together with an aptitude for using IT tools; • creative approach and ability to solve problems rapidly.

Languages: Very good command of either English or French and a good knowledge of the other. Knowledge of other Community

The EIB offers attractive terms of employment and salary with a wide range of welfare benefits. Applications from women would be particularly welcome.

Applicants, who must be nationals of a Member State of the European Union, are invited to send a detailed curriculum vitae, together with a letter and photograph, quoting the appropriate reference, to:

CV financial executive Search (UK) Ltd

35-38 Portman Square (Ref. FI 9630)

London W1H 9FH.

Applications will be treated in the strictest confidence and will not be returned.

PIONEERING INVESTMENT

Emerging

Country

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The members of this team will report to the Head of Strategic Planning - Emerging Markets. You will visit each pre-selected country for one or two months, acquiring an in-depth understanding of its political, economic and financial environment which will then enable the team to scope the opportunities and size the country's financial market revenues. You will be participating in important conceptual work and developing a basis for investment.

Ref: RH6145 Stafford Long &

Whitfield Street,

London W1P 6HR.

You will need a sound understanding of financial markets as well as bank and non-bank products. Familiarity with monetary economics will be an advantage. You must also have a proven track record in at least one major product area: capital markets and corporate finance; transaction banking (cash management, trade and custody); treasury or commercial loans. Experience of emerging markets would obviously be beneficial.

We will offer a salary to reflect your experience plus a comprehensive benefits package and bright prospects in a strategically important growth area for the Bank. This assignment could lead to other openings either in the Sector office in London or overseas.

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DBSBANK

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The level of appointment will depend on individual qualifications and experience. Career prospects are outstanding for those who can respond positively to new challenges. Attractive remuneration packages will be negotiated with successful candidates and will include a competitive salary and bonus linked to performance. Applications detailing particulars of age, citizenship, qualifications, previous work experience, present job responsibilities, current/expected salary and a contact telephone number should be submitted to the following address before 9 Aug 96 together with a

recent passport size photograph (non-returnable) The General Manager DBS London Branch 7th Floor, Finsbury Circus House 12-15 Finsbury Circus

United Kingdom or alternatively through our employment opportunities page on DBS Bank's web site http://www.dbs.com.sg/dbs. We reget that only shortlisted candidates will be notified

Assistant Director

Salary £50-60k plus bonus and benefits As a leading City investment Bank, this UK based bank offers a elsent focused service to its international client base. Central to its sing success is the provision of a pro-active and

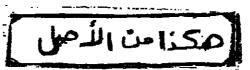
The successful candidate will have an excellent academic the successful canonage will nave an excellent academic background at graduate and ideally, postgraduate level in management, business or related disciplines. First class HR experience in international investment Banking is a pre-requisite. Preference will be given to candidates with senior HR experience of Treasury or Capital Markets as well as to lividuals with HR areas, both at the operational and the strategic levels, including compensation, employee relations, appealsals, legal issues and particularly experience in recruiting nt Banking professionals are all essential.

Please write outlining your suitability for the post enclosing a curriculum vitae, with current resumeratio ichard Pooley, Ernst & Young Management Resourcing, Rolls se, 7 Rolls Buildings, Fetter Lane, London ECIA INH and ting Ref. RP0035A. Fac: 0171-931 1022.

Manager Designate

I require two well educated individuals (25-30) who want to be trained to fill management positions within a successful and expanding private company. The career path will reward those who accept responsibility with the job satisfaction and financial gain they deserve.

> Call: Adrian Duke-Cohan 0171 240 3310



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I INVESTMENT

NITTES in TREASUR

Manager Desig

FINANCIAL TIMES FRIDAY JULY 26 1996

Defined Contribution Specialists City

Our client, Mercury Asset Management, is Britain's leading investment house with over £81 billion under management. They are one of the fastest growing money purchase providers in the UK. Their success is due not only to their excellent investment performance record butalso to the quality of service and depth of technical expertise that they are able to provide. Following the recent launch of an exciting new defined contribution product, integrating investment and administration services, two key individuals are now sought.

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Manager of Member Communications Services This appointee will be responsible for managing and developing member communications services such as enrolment meetings, annual review meetings and ongoing support via the telephone helpline. The area is expected to grow dramatically as member expectations become increasingly sophisticated. The successful candidate will have a detailed technical knowledge of pensions most likely gained within a life company and have excellent communication skills. Appropriate skills to satisfy PIA requirements are essential. Reference 1174

Remuneration will include a highly competitive package of basic salary and bonus together with excellent benefits. In the first instance, please send a full CV including salary details quoting the appropriate reference number to Fiona Law at FLA Ltd., 211 Piccadilly, London W1V 9LD. Tel: 0171-738 9732.



Marketing Support Officer

Attractive Package

UBS Asset Management London Limited is the parent Company of PDFM Limited, one of the UK's leading fund managers with over £50 billion funds under management. We are seeking to recruit an individual within our marketing department to undertake the following responsibilities for both UK and designated international markets.

construction of written responses to questionnaires from investment consultants and prospective clients ■ interpretation of the company's operations for drafting of

submissions and RFP's for new business enquiries a responsibility for quarterly information packs and general unit trust information

a supervision of one staff member

London EC2A 1PD

scope, in due course, to further develop into other areas within an expanding department.

Interested candidates should send their CV to: Linda Tottem Senior Personnel Officer UBS Asset Management London Limited Triton Court, 14 Finsbury Square

The individual will be required to gain an understanding of the PDFM investment philosophy and process and its practical implementation. The following requirements also apply:

m an understanding of the use of performance measurement

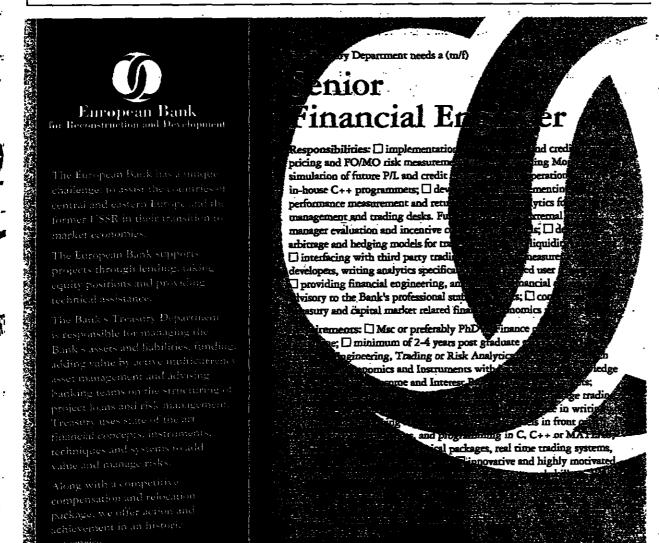
at least 2 years' experience of the investment industry, ideally within investment consultancy or a related field

s degree level preferred, or at least A Level standard education a a dynamic personality with confidence in liaising with fund managers and senior staff throughout the company

wery good oral and written communication skills m experience of staff supervision, and ability to work as part of

mability to use own initiative and to be proactive.





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Frankfurt Please telephone BRIAN GOOCH or send a detailed CV in confidence.

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 Important role in small team. Work closely with Directors on every aspect of deal creation, structuring

◆ Take rapid responsibility. Build relationships with

QUALIFICATIONS Bright graduate, newly qualified ACA. Knowledge of financial institutions sector preferable. Highly motivated, entrepreneurial and ambitious.

to absorb pressure. Team player. Numerate, p.c. literate with strong financial modelling aptitude. Demonstrates good attention to detail.

Strong interpersonal and communication skills. Ability

opean languages advantageous.

Please send full cv, stating salary, ref FS60706, to NBS, 10 Arthur Street, London EC4R 9AY

The EIB, the financing institution of the European Union, is currently seeking for

nt to its Legal Directorate at its headquarters in Luxembourg a





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European Investment

Bank

in the heart of Europe



in a challenging international and professional environment, the lawyer of English mother tongue will form part of a team responsible for English-language legal operations and will draft and negotiate documentation for the Pank's operations. He or she will also advise the lending departments of the Bank on legal structures for secured financing operations, will negotiate and liaise with external legal counsel and co-financiers and will advise on general legal issues affecting credits and may be called on to advise on legal questions affecting financial markets, restructuring and post signature procedures.

Qualifications: Candidates will be members of a legal professional body in a country of the Common Law tradition. They will have a minimum of three years' post-qualification experience in banking law or commercial and financial law. Knowledge of Civil Law and EC Law would be an asser. The selected candidate will have proven drafting and inter-personal skills, competence in word-processing and an ability to work under pressure. He or she should be able to demonstrate qualities of energy, imagination and sound judgement as well as a sense of discipline.

Languages: Perfect knowledge of English together with very good command of French. Knowledge of other languages would be an advantage The EIB offers attractive terms of employment and salary with a wide range of welfare benefits. Applications from

women would be particularly welcome Applicants, who must be nationals of a Member Country of the European Union, are invited to send their curriculum vitae, together with a letter and photograph, quoting the appropriate reference, to:

EUROPEAN INVESTMENT BANK

Recruitment Division (Ref. JU9610) L-2950 LUXEMBOURG. Fax: +352 4379 2545.

Managing Director - Asset Management

Member of the Board

Our client is a premier investment management organisation which operates globally and provides a full range of asset management services to both the institutional and private investor. As a result of our client's continuing, worldwide development, this exciting and demanding role has arisen and created the need to recruit an individual of the highest calibre to further strengthen the Group's leading position in Germany.

Your objectives will be to lead the asset management group in order to:

Frankfurt

- Maximise the sales and marketing activities through an entrepreneurial and creative outlook
- Achieve substantial growth rates of market share and business volume Develop a long term strategy and to drive its successful implementation
- Help secure consistent and outstanding performance

Substantial remuneration package

You will be an experienced banker, with ideally 8-10 years in asset management, capital markets or relationship management. You will thrive in an intellectually stimulating environment where personal contribution is highly valued. Your presence and reputation will give you instant credibility and will allow you to make a significant contribution to our client's worldwide success in asset management.

Interested candidates should write with full CV, quoting current rewards package to Petra Rickmeyer, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref; LPR/4926/FT.



Hoggett Bowers



Bond Analyst/Strategist

As one of the largest and most respected banks in the world, our client is regarded internationally as one of the leading and most prestigious names in the dynamic arena of emerging markets. The research team is currently expanding and wishes to recruit an experienced bond analyst to join them in London.

The analyst, reporting to the head of emerging markets research in London, will join a small team of economists and market specialists. The role will focus on providing detailed analysis of global emerging markets, particularly covering central and eastern Europe. The purpose of this research is to provide support to the internal trading and sales teams, covering all categories of debt, carrying out pricing and recommending trading strategies. In addition, there will be extensive external client contact, providing support, advice and recommendations at all levels.

The minimum academic requirement is a good degree in mathematics or other quantitative subject. Work experience must include at least two years' within the bond markets, with the ability to demonstrate a thorough understanding of debt markets and derivatives. A detailed knowledge of emerging markets is not required, but would be appreciated. Other key attributes which will be valued include: excellent quantitative and analytical skills; the ability to communicate and present effectively at a high level; self-motivation combined with the ability to work well as part of a team.

A highly competitive remuneration package is offered which reflects both the demands and importance of the position and will be commensurate with experience and ability. Interested candidates should contact Clare Kearns or Kathe Etheridge who will treat all enquiries in confidence.



ASL Search and Selection

City address: 2 London Wall Buildings, London EC2M 5PP Telephone: (44) 1732 741855 Facsimile: (44) 1732 741499

Package to attract the best

Chatham, Kent

General Manager - Lloyd's Policy Signing Office

trance services bureau for the Lloyd's market and is critical to the efficiency and LPSO is the central insurance services bureau for the Lisqu's market and is critical to the efficiency and effectiveness of the market. Its services cover accounting, policy production, data verification and consultancy. It serves policyholders, managing agents and brokers and is funded by transaction-based charges. LPSO has a spotation for excellence and is committed to exploiting opportunities post reconstruction and renewal. These will include achieving more demanding service levels, implementing a new pricing framework, supporting efficiencies with state-of-the-art technology and profiting from its intellectual capital by developing new services.

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- Stature, poise and persuasiveness to influence customers and senior members of Lloyd's. Appetite for achieving challenging targets sensitively

Selector Europe Spencer Stuart

Package to attract



Landon

Acquisition Director - Commercial Finance

tighly influencial new position with a mandate to build a major portfolio of businesses in Europe. GR Capita has assets of c. \$185 billion worldwide and turnover of c. \$2.4 billion. It is active in 26 different financial services businesses and European operations are a principal focus for rapid growth both by acquisition and organically. Its Commercial Finance business group aims to replicate its highly successful range of US operations spanning asset-based and cash flow leading, capital markets placements, receivables and asport financials. financing, and equity and debt investing. This position will have access to very substantial resources.

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- Targeting relevant public and private companies and leading detailed negotiations principal to principal.

 Managing additional professional support as
- Developing strong relations both internally and externally to identify opportunities and synergies for the Group as a whole.
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Swap Derivatives Middle Office

Risk Management Control

City

Voted No 1 Derivatives House of the Year by Euromoney in 1996. J P Morgan is committed to maintaining its position as market leader based on client service, innovation, a full product range and global coverage.

Due to-continued expansion, outstanding opportunities now exist within the Swaps Derivatives team for individuals to support business activities including Swaps. Caps. Floors. Swaptions and Exotics. As part of the Middle Office team you will provide an independent review and business analysis of all Front Office Trading activities.

Key Responsibilities:

- Immediate 'real-time' validation and analysis of new trades.
- Daily analysis of Traders end of day P & L and positions.
- Review of business risks
- Enhancement of the control infrastructure.
- Integration of new products and business.
- · Three to six years Investment Banking experience gained within Product Control/Trade Support. IT or Audit.
- Relevant audit or consultancy experience from a big six accumutancy firm will also be considered.

£ Excellent package

· Ideally a minimum of two years expanse to derivative products. Additional qualification such as ACA or MRA would be advantageous.

Successful applicants will have outstanding communication skills and the desire to succeed in an environment of high growth and continued

To discuss these opportunities further please call Stephen Grant at Morgan McKinley Associates, Ruskin House, 40/41 Museum Street, London WCIA 11.7. Telephone: 0171 404 4100 Fax: 0171 404 4334.

JPMorgan

QUANTITATIVE ANALYSTS

A leading global investment bank seeks to recruit Quantitative Analysts with one to two years' relevant experience. The positions are based in the London Fixed Income and Equity Derivative groups.

The Fixed Income role involves the construction of mathematical term structure models for the pricing and hedging of exotic fixed income derivatives and there is a high degree of contact with both the derivative structuring group and the trading desk.

In Equities, the role involves the structuring, modelling and pricing of equity derivatives and includes a high degree of contact with both marketers and the trading desk. Candidates must have an excellent first degree and/or a PhD

> RESPONSE HANDLING DESIGN SERVICES EMPLOYEE COMMUNICATIONS



in a quantitative subject (eg: Applied Mathematics, Physics, Quantitative Finance), good programming skills in C and C++ together with excellent communication skills and the ability to work under pressure in a small, dynamic 'front An excellent remuneration package will be offered to

successful candidates.

To apply, please send a full CV which details your current remuneration package to PA Advertising Limited, Number Two Caxton Street, London SW1H 0QE, quoting the appropriate reference number .- ref: KLW1 for the Fixed Income position, and ref: KLW2 for the Equities position. The closing date for applications is Friday, 9th August 1996.

RECRUITMENT ADVERTISING



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London, Paris or New York, a commodity trading company seeks an enthusiastic and motivated trader to belo with the expansion of its cocoa and coffee departments. The applicant should have at least one years experience in a trading environment.

Please reply to Box No. A5643, Financial Times, One Southwark Bridge. London SE1 9HU.

INVESTMENT RESEARCH ANALYST

The Police Mutual Assurance Society is a highly successful financial services

organisation in a niche market, managing funds in excess of £750 million. At a time

Analyst who will make a major impact on the Fund Managera' performance by

research experience. Career background should reflect a sound knowledge of U.K.

enines gained within an appropriate financial institution, e.g., life office, unit trust

management or pension fund. Technical knowledge will be complemented by

highly developed skills, including oral and written communication, team working,

If you feel that you would enjoy the challenge that this career opportunity offers,

linked to a competitive salary and range of benefits, please apply in writing

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LICHFIELD.

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interpersonal skills and a capacity for objective and conceptual thinking.

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ed, significant growth, we are now looking to complement our well al investment team through the appointment of a Research

tee will be AIIMR qualified with a minimum of five years'

■ Opportunities with Deutsche Bank Group ■

Lhe Deutsche Bank Group custody and clearing services to a wide range of international institutional investors. As one of the leading global custodians, our client base is growing extraordinarily fast and we are constantiy improving our range of products and services. We maintain sub-custodian relationships worldwide. The increased complexity and size of our securities business requires an expansion of our Network Management team, based in Frankfurt.

ideally, we are looking for a is looking for new dimensions and challenges. Alternatively, if you have experience in dealing with foreign securities and subcustodians, and would like a future in Network Management, you may be the person we are looking for. Applicants should have at least 3 years experience in the securities industry. be team oriented and have excellent communication skills. A second language would be advantageous.

Network Manager Securities and Custody Services

Deutsche Bank offers a challenging and rewarding environment, substantial growth opportunities

and generous packages which include comprehensive banking

Please send your application

stating your earliest possible start date to Mr. Volker Abel, Deutsche Bank AG. Personnel (Head Office). Alfred-Herrhausen-Allee 10, 65755 Eschborn, Germany,

Deutsche Bank



Investment Management Netherlands/Luxembourg

A new position has been created in investment management, for a family owned group of companies. The position will be located either in the Dutch or Luxembourg office of the group. The offices manage global investments, including fixed interest, equity and property portfolios. All of the investments are owned by the group.

With a recent substantial increase in funds under management, an additional individual is required to assist with the management and administration of the investments. He/she will be required to lisise with external advisers and financial institutions, manage investment portfolios and prepare, and The successful individual will have excellent analytical skills, and experience to preparing and

presenting financial management information. Previous fund management experience is required. He/she will be prepared to work in a small team, and be willing to undertake a wide variety of duties and additional responsibilities as, and when, necessary. Some travel may also be required.

The candidate will be educated to degree level, and will either be a qualified accountant, or training for an investment management qualification. He/she should have, at least, 2/3 years experience working

Reply in confidence to:-MAAP Investments HV. Ref: Fund Management Hoofigracht 5, 2514 BE Den Hang.

Senior Investment Consultant Associate

Cambridge Associates (UK) Limited provides investment and financial consulting to a broad range of institutional clients in Europe. The position will involve providing assistance in advising clients and preparing research reports on a wide range of investment topics. Candidates should have a thorough knowledge of investment management theory and practice, strong quantitative and conceptual analytical skills, and excellent written and oral communications skills. Cambridge Associates (UK) Limited is regulated by IMRO and the position will require that the candidate acts as a Company Representative.

Compensation will be commensurate with experience. Please write enclosing a CV to: Mrs. S. Wilson, Cambridge Associates (UK) Limited, 25 Savile Row, London, W1X 1AA.

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Unser(e) neue(r) Mitarbeiter(in) sollte über fundierte mehrjährige Erfahrungen in diesem Fachbereich, insbesondere

im zinsorientienen Futurehandel, verfügen. Kenntnisse der Finanzmathematik wären hilfreich bei der Bewältigung seines Aufgabengebietes. Die Beherrschung der deutschen sowie der englischen Sprache setzen wir voraus. Französische Sprachkenntnisse wären von Vorteil.

Interessierte Damen und Herren bitten wir, die vollständigen Bewerbungsunterlagen mit Gehaltswunsch und frühestem Eintrittstermin an unsere Personalabteilung zu senden:

> Postfach 121 L-2011 Luxembourg Ø (00 352) 45 22 11-281

NORD/LB

NORDDEUTSCHE LANDRSBANK LUXEMBOURG S.A.



Global Trade Finance Group

Kredietbank N.V.'s newly formed Global Trade Finance Group is seeking to recruit staff for the following positions:

> **Commodity Finance Officers Documentary Credit Officers Credit Administration Officers** Secretary/Receptionist

Individuals wishing to apply for any of the above positions must have very good technical and communication skills, a minimum of five years experience and be flexible enough to fit into a small team environment. In addition candidates should be able to demonstrate initiative, enthusiasm and good PC skills. An ability to converse in another major European language would be an advantage but is not essential.

The roles are interesting and varied, and an attractive remuneration package, including the full range of banking benefits, will be offered to successful candidates.

Please write, in confidence, with full personal and career details including current remuneration, to Sharron King, Kredietbank N.V., Exchange House, Primrose Street, London EC2A 2HQ.

KREDIETBANK N.V.

Managing Director Human Resources Development

Major growing international company seeks experienced Human Resources Development function within its Yugoslav operations. ities include organization and work force planning ty and efficiency, recruiting employee selection and placement, compen-sation, employee training and employee incentive and motivation pro-grams. The individual we seek will have a minimum of 5 years of demongrams, the movement we seek will have a uninous or o years or consen-strated leadership in a large commercial or non-profit organization, and experience in both manufacturing and administrative environments. University degree required, with advanced degree preferred. Must be pro-ficient in Serbian and English languages, and have the ability to read Russian. Computer literacy is desirable. Compensation is fully competi-tive, with substantial opportunity for growth. Ossibiled candidates should send their resumes with acc

> CONFIDENTIAL REPLY SERVICE 11765 Wishire Boolevard, Suite 1600 OR omail your resume to: greene@is.indes.com **Equal Opportunity Employee**

to our UNITED STATES REPLY SERVICE:

REAL ESTATE STRUCTURED FINANCE EXECUTIVE DIRECTOR

Lospos £50,000 - £75,000 Package + Benefits

Jones Lang Wootton is a leading international firm of Real Estate Advisers with some 70 offices worldwide. We have a major presence in the UK, with seven offices and over 800 Partners

This is a first time appointment for an executive, preferably with a commercial property, financing and accounting background. The role will be to operate within the Firm's established Finance group, focusing specifically on the growing demand for the financing of commercial property assets of corporate occupiers in the UK and throughout Europe. This role will be suitable for those who have experience in the field of structured financing with particular knowledge of balance sheet and tax considerations. The successful candidate will work alongside JLW colleagues to pitch for, win and execute financing mandates from the Firm's corporate client base. Accordingly, it is essential that the successful candidate can demonstrate an ability to both advise and implement. Presentational and personal communication skills will be of great importance as will familiarity with analytical techniques using

Please apply in writing, with full career and salary details to: Brian Kerly, Recruitment Manager, Jones Lang Wootton, 22 Hanever Square, Loudon WIA 2BN.

Jones Lang Wootton

Appointments Advertising

Both days are essential reading for any seriously career printed individuals.

Andrew Skarzeleski on 0171 873 4054 Toby Finden-Crofts on 0171, 873 3456 Robert Hunt on 0171.873 4095

MANAGING DIRECTOR

Outstanding opportunity to make a difference in the financial sector of the Ghanaian economy

As a Ghanaian head of an established financial institution, you will ensure that the tactical and strategic plans of our client are achieved. Assisted by a team of dynamic and competent managers, the successful candidate will manage and take full responsibility for the day to day running of the organisation.

Aged preferably between 45 and 55 years, you will have a minimum of a first degree in Economics, Banking or Finance coupled with extensive experience in the financial sector. You must demonstrate a firm grasp of the workings of the Ghanaian financial markets, detailed knowledge of current economic trends and the ability to run a financial institution in such an extremely competitive environment. Your broad experience should include senior level management experience in a reputable financial organisation together with high level interaction with international institutions with whom you will be expected to liaise.

Write or fax in confidence enclosing your current CV including contact telephone numbers by the 16th of August, 1996 to Ms. M. Nanka-Bruce, KPMG Management Consulting, Second Floor, Mobil House, P.O. Box 242, Accra, Telephone: (233-21) 664881-4, Fax: (233-21) 667909.

Management Consulting

METALS & MINING ANALYST

London

Our client, a prestigious US investment bank, is looking for a Research Analyst with a strong financial analysis background. Reporting to the Research

Team Leader - Europe, the successful candidate will play a significant role in all aspects of company and industry research and marketing. Liaison between European, Asian and US Research as well as with Sales & Investment Banking will be a key element in this position.

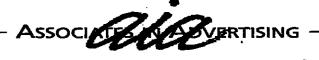
The following attributes are critical:

- · Two or three years' experience as an equity research analyst, covering metals and mining with a leading player in the field.
- Experience in covering South African and/or Australian markets as an equity analyst
- Excellent financial analytical skills together with relevant professional
- · Strong written and oral communication, and presentation skills.
- Tenacity and professionalism.

The successful candidate will have a superior academic background to include a degree ideally in Finance or Accounting.

The remuneration package will be competitive. To apply, please write, enclosing a full CV to Alastair Lyon, Confidential Reply Handling Service. Ref 472, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

Applications will only be forwarded to this client, but please indicate any organisations to which your details should not be sent.



ACCOUNTANCY APPOINTMENTS



Chief Accountant

London

£40-50,000

The Middle East Broadcasting Centre, a part of ARA Group International, provides a television service to Arabic speaking viewers in four continents.

Since it formation in 1991, its mixture of news and entertainment programmes and its high quality international outlook has made MBC the favourite television service for people of 2 dozen cultures spread across half the globe.

With viewers and advertising revenues rising, this is an exciting time for the organisation as they continue their expansion plans. It is against this background of positive change that MBC now seeks to appoint a high calibre Chief Accountant.

As the number one finance person, your brief will be to increase the quality of service provided to managers across the business. These will include the crucial areas of programming, budget control, production costs etc. It may also be necessary to examine the systems within the accounts function and make changes where necessary. In the medium term there is ample scope to develop the role further.

accountant with excellent interpersonal skills, ideally with previous TV or media experience. Arabic would be an advantage.

Interested candidates should send an up-to-date curriculum vitae, quoting reference 301208, to Michael Deane at Michael Page Pinance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

Specialists in Financial Recruitment London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds Maidenbead Manchester Nottingham St Albans & Worldwide

The successful candidate will be a qualified Whilst not essential, fluency or a knowledge of

GROUP ACCOUNTANT

- Family owned Investment company managing operations in Europe, Americas and Caribbean The company also manages a large marketable global investment portfolio, property and direct investments in companies.
- Based in the head office situated in The Hague, Netherlands with a small group of less than 10 people.
- Growing a profitable operations with a recent large inflow of funds resulting in the restructuring of the present staff and the need for a new group accountant.

- Responsible for all group accounting, consolidations and multicurrency cash management.
- Manage audit process. Provide support to acquisition investigations. Ad hoc business projects.
- Develop integrated systems strategy. Close liaison with subsidiaries.
- Graduate Chartered Accountant, Newly qualified. Investment/banking/insurance experience preferred.
- Investitional Transport of A knowledge of Novell networks, portfolio management systems and spreadsheets
 Computer literate A knowledge of Novell networks, portfolio management systems and spreadsheets
- Energetic and flexible. Mature and able to meet demanding deedlines. Enquiring, challenging, committed and able to work unsupervised.
- Must be fluent in English.
 - Reply in confidence to:-MAAP investments BV, Ref Accountant. Hoolgracht 5, 2514BE Den Haag, Netherlands.

FINANCE DIRECTOR

Outstanding Opportunity for Entrepreneurial Finance Professional

LOCATION FLEXIBLE -EUROPE

This must represent one of the most exciting apportunities for an entrepreneurial finance professional this year. Our client, in less than five years, has grown from start-up into a one billion dollar global business. Operating in the highly competitive person, computer inclustry it owes its success to being a highly efficient state-of-the-art distributor of commodity product They now wish to appoint an innovative, entrepreneurial and highly commercial Finance Director to help further strengthen the company and assist them in attaining their vision of a public offering or strategic alliance by the end of 1997. Clearly this position

requires a broader skill mux than most. With a sizeable team already in place you will need to demonstrate strong day to day

financial control skills including all treasury related issues, short and medium term strategic planning and overall development of the function to meet future business needs. Experience of mergers and acquisitions will also be a key skill in driving the company

WIDE c.£100,000

- + Substantial Stock
- Options

+ Benefits

- Educated to degree level and a qualified accountant. An MBA would be advantageous. Likely to be aged 35-40 with strong international experience.
 - Knowledge of American accounting procedures highly desirable. Entrepreneurial skills combined with the ability to inspire confidence.

forward. Serious contenders for this role will, in addition, possess the following:

This position offers an outstanding opportunity to direct a highly successful company's finance division. Stock options will be

substantial. If you feel you have the victor, sechnical expenence and drive to realise yours and the company's ambibons then Andrew Livesey, clearly stating current remuneration and quoting reference number UKR 0066, at Nicholson International (Search & Selection Consultants), 34-36 High Holborn.

n Nicholson

action House, London WCIV 6AS. Alternatively fax your details on +44 171 404 8128.

INTERNATIONAL

Computer Audit Manager

London

to £45,000 + Car + Benefits

Our client is a major worldwide name in the services sector and has a reputation for providing effective and innovative solutions. As part of its continued expansion, they are seeking to recruit a computer audit manager to augment their division. Working as part of a highly focused team, you will be involved with:

- Control and security reviews
- Pre-implementation reviews of systems under development • Pre- and post-implementation control evaluation of complex
- application systems
- Specification, design and operation of CAATs Provision of training and support to staff
 - Provision of internal consultancy services to scalor divisional management

A qualified accountant, ideally ACA, you should possess a minimum of 2 years computer audit experience, gained either in a 'Big 6' firm or a large commercial internal sudit department. In addition to an enquiring and analytical approach, you will have confidence to challenge often complex issues and liaise effectively with non-finance staff. This is an excellent opportunity to move into a technically challenging environment in an organisation that offers career development and opportunity.

To discuss this opportunity in total confidence, please contact Jayne Bowtell or Julie Thompson on 0171 405 4161. Alternatively, send your CV to them at the address below.

FMS. 5 Bream's Buildings. Chancery Lane, London SC4A 1DY. Tel: 0171 405 4161, Fax: 0171 430 1140. Promit fras@pad.co.nk We have offices in London

Riemingham, Manchester and Lewes.



SPECIALIST FINANCE RECRUITMENT



HEAD OF GLOBAL TAX OPERATIONS

Securities Industry To £100,000 + Bonus + Benefits

Our client is a worldwide financial services organisation whose global custody division, a leader in both emerging and emerged markets, is well known for the provision of custom-tailored solutions to a top-tier corporate client base. A rapidly growing global business, combined with complex tax reclamation and compliance procedures in many jurisdictions, has led to the creation of a senior operational role. As Head of Global Tax Operations for this division you will:-

- Lead, manage and motivate a multi-disciplined team located in both Europe and
- apply a clear understanding of the operation of worldwide double tax treaties, and design and manage tax administration processes to improve customer service
- ensure full compliance with relevant legal requirements in the increasing number of countries in which our client operates
- create and maintain strong lines of communication between the organisation and its customer base

You will currently be working at a senior level with the Inland Revenue, a leading professional firm or a bank. Mature enough to build and delimente the role, you must also have the flexibility to manage change within a dynamic area. Needless to say, our client is seeking a particularly special individual for a highly responsible and visible role. If you can make a significant contribution to this new management challenge, then we would be keen to discuss the position in more detail. Remuneration will not present a barrier to the right candidate.

Contact Matthew Phelps on 0171 415 2800 or forward a comprehensive resumé to him at Brewer Morris, 179 Queen Victoria Street, London EC4V 4DD. Evenings/weekends 0181 940 1783.



TAXATION RECRUITMENT SPECIALISTS:







Financial and Systems Accountant

Poland

CPC Poland, a subsidiary of the \$9 billion CPC International Corporation, has grown rapidly since its creation in 1992. It aims to be the leader in its field for Central and Eastern Europe by the year 2000, with a projected turnover of \$200 million. As a result of an internal promotion, the company is now looking to recruit a highly motivated individual to join their team

Reporting to the Financial Controller, responsibilities will include assisting in local statutory and international reporting. You will be responsible for completing the entation of a new computerised accounting system with emphasis on inventory accounting, fixed assets and costing. Other tasks will include the design and introduction of internal control procedures and management of staff.

Candidates for this role will be part or newly qualified accountants with an international qualification. You will have a good knowledge of financial

Excellent Package + Car

control principles and financial accounting, ideally gained in the profession. Experience of US GAAP and Polish accounting is preferable as are excellent interpersonal and man management skills. In addition you will be highly computer literate. Ideally a Polish national, you will be fluent in Polish and English.

Full assistance is available for those individuals wishing to complete their accountancy qualifications. The company offers excellent long term career prospects, with the successful candidate taking part in extensive management training programmes in Poland and internationally. There are possibilities of job exchanin the CPC organisation throughout the world.

Interested candidates should forward a comprehensive CV with salary details in confidence, quoting reference 300386, to Catherine Zasadzka at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH. England or by fax on +44 (0)171 404 6370.

Michael Page Eastern Europe

International Recruitment Consultants



Controller

Prague

Planet Hollywood is one of the most dynamic and fast moving companies in the world. Since its launch in 1991, it has opened in excess of thirty movie based theme restaurants throughout America, Europe, Australia, the Middle East and the Far East. Its flotation on NASDAO was one of the most successful in history and the company's capability to attract high profile publicity, rs and business opportunities is unparalleled.

As a result of Planet Hollywood's international expansion, the organisation has targeted Prague as its launch into the Eastern European region in 1996. The Controller will report directly to the European Finance Director in London with dotted line responsibility to the General Manager in Prague. Responsibilities will include full financial control, managing the accounting department, regulating the banking transactions and ensuring the strict reporting deadlines are adhered to. More important however is your skill in analysing the performance of the restaurant and helping with the strategic direction of the business in Prague.

Excellent Package

The ideal individual for this position must demonstrate the ability to thrive in a hectic and fast moving environment, whilst meeting strict deadlines. You will already possess an excellent track record of success in finance, ideally gained in the hospitality industry, with an in-depth understanding of the local business environment. A knowledge of US GAAP would also be an advantage. The business language is English, but Czech linguistic skills are essential for success in the role. Key attributes required are integrity, drive, communication skills, being a team player and computer literacy.

So why not join in the success and growth of a unique

Interested candidates should forward a comprehensive CV, including remuneration details and daytime telephone number, quoting reference 296285 to Michelle Sochor at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH, UK, or fax +44 (0) 171 404 6370. For further information please telephone +44 (0) 171 831 2000.

Michael Page Eastern Europe

International Recruitment Consultants

APPOINTMENTS ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call: Robert Hunt on +44 0171 873 4095

Finance Director

Hungary

Our client is a leading advertising agency with offices throughout the world and capitalised billings of \$8 billion. They now seek a Finance Director for their operation in Budapest, one of the largest agencies in the country, which handles the accounts of many major multinational and leading national clients.

The transfer of a control of the contr

The person will need to forge a strong partnership with the General Manager and become an active participant in the management of the business. He/she will be expected to lead the financial aspects of client transactions to maximise the benefits to the company. Other responsibilities will include budgets and forecasts, managing costs, negotiating with suppliers, statutory reporting and tax compliance. As well as providing timely reports to the company's European headquarters, the person will be expected to

£ Excellent Package

work closely with the European Finance Director regarding risks, new husiness opportunities and variance analysis.

Ideally the successful candidate will be a qualified accountant with a proven track record within a multinational company at a senior level. They will need to possess strong commercial acumen together with the ability to work with management and clients at the highest level. Fluency in Hungarian, while not essential, would be a distinct advantage. Career prospects are excellent.

Interested candidates should forward a comprehensive CV in strictest confidence, quoting reference 301191, to Hugh Everard. Director at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH or fax it on + 44 (0) 171 404 6370.

Birmingham

Michael Page Eastern Europe International Recruitment Consultants

FINANCE MANAGER

$c \pm 30K + Bonus + Car + Bens$

Our client, Sagem UK, is a market leader in the design and supply of prototype engine management technology to the automotive industry. Having only been established in the UK since 1992, they have experienced rapid growth with an expected current year numover in excess of £45m. They are supported by Groupe Sagern itself a diverse hi-toch group with a turnover in excess of £2.4 billion and is one of Europe's top 500 companies.

Following a recent restructure they are seeking to appoint an exceptional accountant to head up the finance function. Reporting to the General Manager the successful applicant will have total responsibility for all financial aspects of the UK business from day to day accounting through to commercial business reviews and will play a key role as part of a pro-active

To apply you will be qualified and will demonstrate a track record of achievement that sets you apart from the rest.

Interested candidates should write to Lucy Dimmock at Nicholas Andrews, 126 Colmore Row, Birmingham B3 3AP, enclosing a full Curriculum Vitae. Fax: 0121 236 5350.



A GROUP

birmingham - cambridge - leicester - nottingham

European Asset & Liability Manager

London

A major investment bank with representation in the world's financial markets wishes to make an important appointment to its European Treasury Asset & Liability Management Function. The treasury operation in London supports the Continental European businesses and is responsible for funding, capital planning, liquidity, and interest rate risk manager

The position is largely project driven and has arisen due to the promotion of the present incumbent. The role is primarily concerned with monitoring Continental European Asset & Liability Management issues and assisting the European businesses to achieve the most efficient structure in terms of capital and liquidity. The position entails regular European travel and the job holder will have extensive contact with both front office and support staff in the different offices. Therefore, proven communication and project management skills are a pre-requisite. The ideal candidate will have a good grounding in general regulatory accounting and, specifically, the impact of the CAD. Additionally, the candidate will be expected to have 3 years plus direct experience of complex

£ Excellent + Car + Bonus

Treasury products and risk management techniques. Exposure to structured finance would be particularly interesting.

- Enquiries are invited from candidates who can demonstrate a strong understanding of and commitment to the securities industry either through direct employment, or via experience gained in an audit or consultancy capacity. At minimum, candidates will be professionally qualified (ACA/ACT/MBA) and have the capability for further career development,

a To progress your interest in this appointment, please send your curriculum vitae, including current remuneration, to Susan Millord/Richard Pooley at Erast & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 11/61, facsimile 9171-931 1822 quoting ref SM0832. Alternatively, contact Richard Pooley on 9171-931 1178 for a confidential.

ERNST & YOUNG

701

11.

Leading High Street Licensed Retailer Financial Controller

North West London

Base salary to £65,000 + excellent benefits

Our client forms a major part of an international operation which itself is a division of a FISE 100 group. It has over 1800 shops nationwide and leads its market segment, generating very respectable margins.

The opportunity now arises to join the company in the key financial control role. The business has made significant strides in adapting to market changes and developing innovative offerings. It needs to ensure that it is continuously looking at all means to keep it cost effective and competitive.

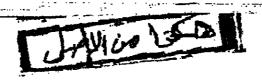
The Financial Controller role is designed to deliver much of this. It requires a professional accountant with around ten years' post qualification experience, probably in retailing, capable of instigating and implementing change. The business involves its senior managers closely in strategic and commercial decision making. The Financial Controller will be expected to contribute, by identifying all available opportunities for improved performance and delivering it in the area of finance and systems.

This will be a demanding, professionally fulfilling position in a vibrant retailer, it offers considerable correct development potential.

Please apply in confidence, giving details of your career and current earnings to AAD thecurive Selection Ltd., 7 Curzon Street, Landon W1Y 7FL quoting Reference 0439.



The Executive Selection Division of The Odgers Group



HEAD OF INVESTMENT ANALYSIS

Formulate and implement an investment expenditure budgeting cycle

Our client is a world class brand leader, and an internationally respected provider of high quality and innovative products, within the media and entertainment sector and has a numover of over £2 billion.

This high profile role will be responsible for ensuring that all significant revenue and capital investment is

Conduct post-investment andits, provide progress reports and monitor ROCE and non-financial payback

Independently analyse and appraise all major investment proposals making appropriate

The interaction with senior management and exposure at Board Level which these responsibilities

necessitate will demand first-class analytical, communication and negotiation skills. The level of

investment expenditure will require you to be a senior finance executive (Qualified Accountant and/or

MBA), able to demonstrate previous success in the managing and appraising of high profile investment

projects. High level intellect and a sharp business mind will be essential if you are to influence effectively

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson,

Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000,

Our client is a leading name in the entertainment business known throughout the world for its creative

excellence. At the centre of this £2 billion turnover group the finance function provides vital support and

These positions will ensure the careful analysis of past and projected performance and will lead to the

· Independently assess business strategies, review budget proposals, spending plans and business

Produce monthly accounts with relevant analysis highlighting performance, key issues and appropriate

Build strong relationships with Divisional management on activities, strategies and key performance

The breadth and profiles of these roles will require that you are a qualified accountant or MBA with well-

developed business understanding in addition to technical knowledge and modelling skills. Experience of

operating at a senior level within a large organisation would be useful. To impact on business efficiency

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Formulation of proposals for medium term class.

المراجية الماكية الم t Grigori

roun the first floor of a pre-fabricated factory building on the dusty outskirts of Florence a man with an interesting scar on his throat is explaining why he is a small but vital cog in the worldwide fashion machine that is Gucci.

There is little here to remind you of the fur-and-jewellery chic of Gucci's boutiques in Milan and Manhattan, unless you count the earring worn by Luca Pallu, 37, the gold-capped teeth of his business partner Emilio Giannelli, 40, and the leather wallets emerging from their production line.

But these men are part of a network of more than 70 small artisans, most of them based in northern Tuscany, who produce the leather goods which have contributed to the revival of the Florentine luxury goods company.

After 13 years in business and six years making wallets for Gucci. Pallu, Giannelli and their 20 employees are about to graduate to become one of the company's core suppliers. If they are accepted, they will join two dozen or so Gucci "partners". They will win a large measure of financial security in the form of guaranteed sales over the next three years. "We hope it's going to be a launchpad for us." says Pallu.

Becoming a Gucci partner is now, it seems, the dream of every humble Tuscan leatherworker. The success of the company's recent clothing collections has fuelled sales of everything carrying the marque, from shoes to shares. In the last year, Investcorp, the Bahrain-based investment group, has sold its entire stake in Gucci in two heavily oversubscribed public offers on the New York Stock Exchange.

Leather goods, including the famous bamboo-handle Gucci handbags, still account for more than half the group's \$500m (£320m) sales, and it is the area where growth is fastest. Turnover in leather goods nearly trebled in the first quarter of this year, compared with the first three months of 1995.

Giuseppe Fossati, who started working leather 25 years ago, switched from making bags for Gianfranco Ferre last year and is now one of Gucci's biggest partners. employing nearly 100 people in three companies on the fringe of the Chianti wine region. Last September he was producing only 1,000 bags a month; now his output is 7,500. "We still say we're small artisans, but working for Gucci we can reach industrial levels - something which was unimaginable a year

ago." he says. Working for Gucci has not always been so lucrative. When the impact of family squabbles and poor management finally drove the group into loss in the early 1990s many loyal suppliers were squeezed



Sales in the bag

Andrew Hill on how a network of artisans producing leather goods has helped to revive the Gucci empire

Domenico De Sole, chief executive for the last 12 mouths and former head of Gucci America, was called back to Italy by Investrorp to repo-sition the company in 1993. One of the first things he did was to go out into the hills around Florence to visit the suppliers with Claudio Degl'Innocenti, logistics manager leather goods.

De Sole says most of those which had abandoned Gucci when times got hard came back - on the promise that debts would be paid off. Now that the good times have returned, the flexibility provided by a network of independent artisans is proving invaluable.

"It helps us enormously," says De Sole. "The secret here is not only to be the best designer, but to have superior quality, and the difficulty is increasing turnover and maintaining quality.'

All suppliers, partners or not, have to submit to live or six months of quality control before Gucci will take them on. If Gucci is forced to reduce its output, the partners will be the last to be affected, and in the meantime they receive technical, financial and management support. "These guys understand how to make bags - they're the best in the world - but they haven't necessarily been to Harvard Business School," points out De Sole.

For the luxury goods industry. such a system is now unusual. Most of Gucci's competitors have moved towards the development of smaller product ranges and control of their own manufacturing. In France, Hermės' famous Kelly bags are made in-house and Prada, the Milan-based luggage company, has phased out its network of sub-contractors.

ut the "indotto" - the Italian name for a network of small suppliers - is common to other sectors. The economy of Turin, for example, has traditionally relied on work sub-contracted by Flat, the automotive and industrial group, and the area around Florence is well-known for leather and textiles.

Bringing these artisans under the wing of Gucci, without absorbing them into the group, is the best solution for both parties. As Giannelli, one of the aspiring Gucci partners, puts it: "If we were Gucci employees we wouldn't have this incentive to grow faster alongside the company."

Independence only goes so far,

however. Most suppliers are already within easy reach of Gucci's Florence base, making it possible for production managers to carry out direct checks regularly. Gucci partners are not allowed to manufacture for anybody else and the group's control over its core suppliers is likely to tighten in the coming years as supply is stepped up to meet growing demand.
"When we're increasing volume,

as we are doing at the moment, it's clear that a final control is no longer enough - we also have to monitor the entire process," says Degl'Innocenti, now in charge of logistics for the whole group.

For example, Gucci buys and cuts the leather before sending it for assembly to the suppliers, but in future Degl'Innocenti envisages the possibility of monitoring computerised cutting machines, installed at larger suppliers, from a sort of "virtual cutting centre" at head-

Whether the balance between the group and its sub-contractors alters in the next few years will probably depend on the continued success of the products and the tolerance of the suppliers. At the moment, however, nobody is complaining.

Is corporate sponsorship of sporting events worth the money? Patrick Harverson reports

Coca-Cola's return of serve

hen the "Summer of Sport" draws to a close next month, the image that will linger longest in our memories may not be that of a gold-medal winning athlete or a championship-winning team, but the bright red logo of Coca-Cola.

The soft drinks giant has been everywhere in sport this year – including the Euro 96 onship, the Tour de France and the Olympics. Exactly how much it spends on sport is not published, but Sergio Zyman, its chief marketing officer, reveals that in an average year about 20 per cent of the company's \$1.5bn (£960m) annual consumer

marketing budget, or roughly \$300m, is used to "support" sports. However, 1996 is not a typical year, and Coca-Cola's spending on sports events this year is likely to be well over \$300m. It has spent \$40m alone on buying the rights to be an Olympic sponsor, and it plans to spend another £62m on television commercials during NBC's coverage of the Games in the US. It has also built a 12-acre "Olympic City" for visitors in

downtown Atlanta. With corporate involvement in sport growing rapidly every year, t is worth asking if Coca-Cola and other sponsors get a good return on their huge investment in sports. Is sports sponsorship value for

Andy Smith, broadcast director at Zenith, the London media buying group, says sponsors can measure the impact of their involvement with sport by tracking the screen time and column inches their brand logos injoy in the media.

He points to Tetley beer, which backs the England cricket team. "Looking at the coverage of the Tetley logo on television and in press photographs, you can see it easily covers the cost of the sponsorship," says Smith. For non-consumer companies

easuring the impact of sports sponsorship is harder. Mava Heifler, head of global sponsorships at Mastercard, says one of the key objectives behind the company's backing of Euro 96 was to reinforce Mastercard's

particularly among Access card holders who might have been unaware that their card was part of the Mastercard stable.

The anecdotal evidence so far suggests that this objective was achieved, says Heffler. "When we started our programme in the UK nine to 12 months ago, we asked Access cardholders if they had a Mastercard. Most said they didn't. Now when we ask the question. straightaway." However, companies have to



Coca Cola's 'Olympic city' in Atlanta

invest a lot of money to get the best out of their deals. Smith says of event sponsorship: "You have to be there at the events to put hats. on people and make sure the camera angles are right. There is a lot more to being an event sponsor than a broadcast sponsor - you have to spend a lot more to

achieve a lot more." The official sponsors of Euro 96, for example, paid £3.5m for the rights to the tournament, but some spent as much as 10 times that on advertising their association with the event. The Olympics are even

costlier, and advertisers are expected to spend an estimated \$5bn worldwide on Olympic-related marketing.

While sport is becoming increasingly popular with corporate sponsors - "sport is highly televised, highly interactive and has very large fan bases". explains Heffler - the crucial factor is sport's ability to transcend national boundaries. It can help companies overcome cultural, language and political barriers.

Bridgestone-Firestone, the Japanese tyre company, has used its sponsorship of Indy car racing in the US to build brand recognition in Italy through a elevision programme it produces for Italian broadcasters.

The company pays \$60,000 for the Italian rights to Indy racing. and spends about another \$190,000 making five 25-minute programmes on the main Indy races. It gives the programmes to an Italian broadcaster in return for advertising slots worth more than

However, sponsoring sports events is not a risk-free

proposition. IBM's embarrassment this week at the failure of its Olympic computer systems to provide accurate data is an example of what can go wrong. The company spent \$40m acquiring the sponsorship rights and as much again on setting up the technology for the Games in Atlanta, but all the spending and preparation could be wasted if press coverage of the computer problems ultimately overshadows IBM's contribution to the

Ultimately, sports sponsorship has become popular because it allows large corporations to identify closely with customers or prospective customers in a way that traditional advertising and marketing cannot possibly

Thus, the thrust of Coca-Cola's sports campaign this year has focused not on the events, or the teams, but on the ordinary fans, As Zyman puts it: "Sport allows us to say to consumers: 'We like what

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(Provisional Liquidators Appointed) Companies Winding Up Order

No 348 of 1996 NOTICE TO SHAREHOLDERS

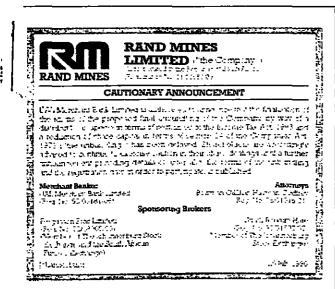
By an Order of the Hong Kong High Court dated 23rd July 1996, Desmond Chiong and I have been appointed Provisional Liquidators of Mandarin Resources Corporation Limited, following an application to the Court by the Hong Kong Securities & Futures Commission. The appointment is an interim appointment and will be the subject of a further Court hearing on 29th July 1996

The order made by the Court empowers us to adjourn the forthcoming meeting of the shareholders on 29th July 1996 at 10:00 am by notice to you and by this notice I am hereby adjourning the meeting to a date, time and senue to be notified to you in due course.

I am exercising the power to adjourn the meeting because in my opinion you have not been properly informed by the directors of the company so as to enable you to consider in an informed way the resolutions set out in the circular of the company dated 12th July 1996. I am considering presently what information and advice needs to be obtained and provided to you and will be writing to you in this connection in due course.

In the meanture, I confirm again that the company's meeting fixed for 29th July 1996 is adjourned to a date, time and venue to be fixed. Dated this 25th day of July 1996

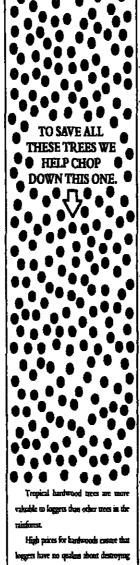
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Cheap and cynical 'Troilus'

Wisdom has been lost, says Alastair Macaulay

he Royal Shakespeare Company's new production of Troilus and Cressida has several virtues but sincerity is not among them. This Troibus is picturesque, entertaining and slick, slick, slick. Too much about it sounds and looks, in the bad sense of the words, operatic

and choreographed.

Ian Judge's production reminds me, in particular, of several ballets: Hector's Death is straight out of Ninette d'Va-lois's Checkmate, and Pandarus's final plunge into a trench is close to Kenneth Mac-Millan's Gloria. No harm in that - but the fights seem to have been counted out to a metronome, and Cressida keeps busily trotting out the same repertory of six rhetorical gestures, in differing orders, in her every

Brass and wind instruments swell out vivid threnodies of martial sound above every big scene, the actors in mili-tary roles wield their most clarion notes to splendid effect. and Troilus turns on the Voce Soffocata, con molto vibrato in his every utterance. Very Forza del destino, very Andrea Chenier.

I was seldom reminded, however, of Shakespeare or of his prime source, Homer. No play more successfully evokes the world and climate of Homer's Iliad than Troilus - but, then, no playwright is closer in spirit anyway to Homer than Shake-

They have in common same poignant awareness of heroic vital death and of heroic vital essence, the same interest in the tension between individual free will and fate, the same lyrical appreciation of the highs and lows of personal emotion, the same sense of human vari-

ity, the same transparent blend of tragedy and comedy. (Tol-stoy would later achieve this for the novel)

Judge seems to know all this several of his intelligent opening-day-of-rehearsals Aper-cus are reprinted in the pro-gramme - and yet, in his hands, the wisdom of the Shakespeare/Homer recipe is reduced to cynicism, the tragic sense of death is cheapened to a morbid nostalgia for a lost generation of pretty boys, and human character becomes all too few-faceted.

The tragic sense of death is cheapened to a morbid nostalgia for a lost generation of

Judge's supervision is especially saddening in its deleterious effect upon the talented young actors in whose rising careers misproduction is a sudden trough.

pretty boys

Heaven made both Joseph Fiennes and his elder brother Ralph for noble-lover roles like Troilus. But, when Ralph came to this role with the RSC six years ago, he and his director, Sam Mendes, co-operated to reach a high point in both their careers, whereas Joseph - the more intense and varied actor of the two - is allowed by Judge to overdo the aforesaid vocal techniques to a death. Victoria Hamilton, playing Cressida, has a clever giriish vigour, but seems more callow

ety and psychological plastic- and stiff here than in the two big roles with which she seized attention last year (Hannah in James Saunders's Retreat at the Orange Tree, Richmond, Hilde in The Master Builder in

the West End). The most virtually picturesque role, Patrochis, is well taken by Jeremy Sheffield (he was, though his programme biography omits it, a Royal Ballet dancer, and is remembered for several beauty-boy roles), with his Praxitelean torso. Of the more complex roles, however, few are completely realised, even though much is appealing in the con-tributions of Louis Hilyer as Hector, Philip Quast as Achilles, Ray Fearon as Paris, Richard Dillane as Diomedes, and (after an atrocious, Berkoffian start) Richard McCabe as Ther

sites. Griffith Jones, as Priam, and Raymond Bowers, as Calchas, are insufferable in their pon-derous hamminess. Edward de Souza and Arthur Cox, both overacting, do much to cheapen the roles of Agamemnon and Nestor.

Clive Francis, dressed and made up to look like Ko-Ko in The Mikudo, has been encouraged to speak Pandarus in the most artificial accent since Geraldine McEwan and to play him as a sour pantomime poof. Philip Voss, as Ulysses, alone - with his harsh, witty intelligence, authority and gravitas cleaves through the stagev superficiality of the produc-

Judge is an un-Shakesperean director principally because he does so much to eliminate spontaneity from his productions, his style is not, admittedly, the cerebral contrivance that is so repulsive in the work of another RSC regular director, Steven Pimlott. No, Judge's style is the col-



Sour pantomime: Clive Francis in "Troilus and Cressida"

shrewd pulp-pop merchant. If only (his production seems to say) this Troibus were a musical, he would surely have done a better job with Mostin Guerre than poor Declan Donnellan -

ourful machination of a although the pretty morbidity But why is such room afforded shrewd pulp-pop merchant. If he favours seems less Boublito to him by, of all companies, the Schoenberg than Lloyd Web-

> There is, I suppose, room in In RSC repertory at the Royal the world for Judge's cheapminded way with Shakespeare.

fortunes of fine art

Shifting

Antony Thorncroft on the optimism of auction houses

s MPs disappeared for their three-month break Tyesterday they joined one other group that has better things to do in the summer than stay indoors, promising the earth - the fine art auctioneers.

The smaller salerooms, like Phillips, carry on selling through the dog days, but for the aristocrats of the profession - at Sotheby's and Chris-tie's - it will be October before a hammer is raised again in expectation of recording an important bid.

They break up in an optimistic mood. Yesterday Sotheby's, the largest international auction house, reported a 22 per cent increase in its net income for the first half of 1996, to

This was despite a 5 per cont fall in turnover in dollar terms (1 per cent in sterling) to £515.4m (\$786m), mainly because the first half of 1996 did not include a large single owner collection like the Stralem, which brought in \$65.2m in New York in early

Taken with Christle's good figures released two weeks ago, which saw its half-year sales up 6 per cent to £486m (\$739m). the recovery in the art market is now well established. However, the salerooms still have some way to go to reach again the amus mirabilis of 1990 when Christie's sold antiques worth £700m in the first half and Sotheby's even

Six years ago this month the speculative bubble burst. The general improvement has also embraced middle range and lower priced

London auctioneers Phillips, dominant in these sectors, increased sales by 12.6 per cent over the past year, to £105.6m, while Bonhams gained an impressive 18.5 per cent during the 1995-96 season to £43.8m, including the highest price ever recorded in its auction rooms - £3.1m paid for a partly gilt bronze statuette of Hercules attributed to Antico. This was a world record for a Renaissance bronze. Earlier this month Christie's South Kensington reported a 16 per cent gain in business in the first ball year, to 532.7m.

Things have improved for both Sotheby's and Christie's since the end of June, especially in London, with Christie's making £12m, double its estimate, from the Bute Collection, and Sotheby's £13.7m from just 92 lots of Euro-pean works of art, sent for sale by the British Raul Pension Fund. By July 20 its sales to date this year had climbed to \$869.5m, just 3 per cent down

on 1995. Sotheby's president, DeDe Brooks, is bullish about the rest of the year. In November the saleroom will offer in New York silver from the collection of George Ortiz. Just eight lots are expected to raise more than \$15m. A tureen with cover from the French royal collection is reckoned to be the finest niece of European silver in existence.

n January 1997 the pub-lisher Saul Steinberg is sell-Ling eight paintings in New York, for an estimated \$7m plus, including the smallest Rembrandt known to exist.

The reward for nursing the market back to health is that owners of valuable antiques. who have been sitting things out waiting for prices to rise. will now be tempted to pop their treasures, which, in turn, persuades serious collectors to dig out their cheque books.

Both Sotheby's and Chris tie's must try to keep a check on any speculative interest. Sotheby's was pleased that 20 per cent of the buvers at its Impressionist and modern art sales in New York in May, which raised \$154.7m, were

But it was Japanese investment buying which wreaked destruction on the market

Theatre/Simon Reade

Bland tidings from Trollope

t is hard to know which is more uniquitous in English theatre's summer season: a dramatisation of a novel, or a Duncan C. Weldon production? There are at present so many novels on stage, that surely someone soon will publish novelisations

of plays? Meanwhile Weldon, Chichester supremo and leading impresario of the Number One touring circuit, presents a revival of Northampton Theatre Royal's An Old Man's Love, Michael Napier Brown's version of Anthony Trollope's 47th and

last complete novel. When William Whittlestaff's old friend dies, he dutifully adopts the orphaned daughter, Mary Lawrie.
"I'm rather set in my ways," announces

this man in his 50s to the woman in her 20s. Yet Mary is a breath of fresh air in a stale household: "In just three months you have brought sunshine into this dreary place," Whittlestaff Same and the state of the same of the same

After a little flirting with Latin quotations, he proposes

On the very day she accepts, her former sweetheart, John Gordon, returns from three years' exile in South Africa, where he has earned his fortune mining diamonds. She is torn between the two men, between love and duty.

Is marriage an arcane institution, enemy to true romance? Is Trollope the Ibsen of 1880s England? Of course

Affection for this middling of middle England writers endures because of his consummate mediocrity and dewdy reassurance. Whittlestaff is no randy old man (despite the phallic implications of his name). Mary is no Lolita, John Gordon is what he is. "I don't think there are going to be any surprises," wagged one old boy during

The relationships fail to spark. Jame Arden's Mary and Timothy Watson's John have no light and shade with which to

Clive Swift's Whittlestaff bristles with nasal world-weariness, spelling everything out to those complicating his life around him. Vilma Hollingbery has fun with Mrs Beggett the gossipy old housekeeper: "Love? Rot it!" She curses

Trollope, a foolish, fond old man, based his novel on his two platonic "father/ daughter" affairs: with the young feminist American Kate Field; and with his 27-year-old niece, to whom he dictated most of this last novel while he was ill.

Her name? Appropriate enough, given her nursemaid role and the product of her secretarial endeavours: Florence Nightingale Bland.

At Richmond Theatre until tomorrow (0181-940 0088) and then on

The Proms/Richard Fairman

Raspberries and theatrics

E ach season at the Proms new music creeps out of the ghetto on to its biggest platform of the year. Composers with a BBC commission to their name are guaranteed not just a highly visible performance, but a live radio broad-cast and an audience with as open a mind and pair of ears as they are likely to find anywhere. What kind of work should they go for?
The BBC's own orchestras

shoulder most of the new music and the BBC Philharmonic came down from Manchester early in the week with a premiere for each of its two Proms. The first was Dominic Muldowney's Trombone Con-certo in its Monday concert, a quasi tribute to the comedian Tony Hancock (a "serious clown"), which amused itself of Henze's Three Pieces for

cracking a joke here and there, only to wipe the smile off the listener's face with sad or nostalgic music a few bars later. The trombone soloist was Christian Lindberg, who joined

to him by, of all companies, the

Shakespeare Theatre, Strat-

RSC?

in the fun by blowing the occasional raspberry and engaging in a spat with three recalcitrant flutes. The theatrical element is the same kind of playacting that one gets in Schnittke's Fourth Violin Concerto, amusing as long as there is some real music in there as well. Muldowney offers just enough substance (the fugal part-writing is quite lively) and, with Lindberg bringing the solo part brilliantly to life,

the concerto scored a cleverly judged Proms hit. On Tuesday, the new work was the first UK performance

Pieces by Karl Amadeus Hartmann, hot-foot from its premiere. The work comes with several worthy causes pinned to its lapel. The original piano sonata was written in 1945 as a tribute to victims of the Holocaust; Hartmann is a largely neglected composer; and Henze himself intended this work as an expression of solidarity. But the music lacks the compelling ideas to do its message justice. In the Monday programme

we had Chabrier's Bourree fantasque, as orchestrated (with delightful Gallic sparkle) by Robin Holloway, and Mussorgsky's Pictures at an Exhibition in its best-known orchestration by Ravel, here under-played in the interests of French subtlety by the conductor, Yan Pascal Tortelier. A pity that Ravel

favour for Roussel's ballet Bacchus et Ariane, Which lacks precisely his ear for clarity and On Tuesday, the BBC Phil-

harmonic introduced its new principal guest conductor, Vas-sily Sinaisky. He opened with Elgar's exuberant orchestration of Bach's C Minor Fantasia and Fugue and followed with Rachmaninov's dazzling re-working of a simple violin tune in his Rhapsody on a Theme of Paganini. The sinister, driven energy of the solo part was rendered as bright. clean-cut playing by Nicolai Lugansky, but not more, To end, there was a modest performance, limited in colour and personality, of the Fourth Symphony by Brahms - respectfully left to his own devices.

INTERNATIONAL **ARTS**

AMSTERDAM

Entertain Contract of the Cont Concertgebouw Tel: 31-20-5730573 Georgian Chamber Orchestra: with conductor/violinist Liane Issakadze perform works by Schubert/Mahler, Haydn and Saint-Saens; 8.15pm; Jul 29

> EXHIBITION Stadelijk Museum Tel: 31-20-5732911 Uit het Lucebert-archief. exhibition focusing on the artistic talents of the Dutch artist Lucebert (1924-1994). The display includes poems, drawings, paintings, prints, letters, films, posters, photographs, interviews, catalogues, newspaper clippings and other "Lucebertiana" from the collection of Kees Groenendijk; from Jul 27 to Sep 1

ATHENS

Athens Festival Tel: 30-1-3221360 Don Quixote: a choreography by Leonidas De Plan, performed by the Ballet of the Greek National Opera. Part of the Athens Festival; 9pm; Jul 26, 27, 28

ATLANTA

Symphony Hall Tel: 1-404-892 3600

International Opera Gala: feeturing soprano Dame Gwyneth Jones, mezzo-soprano Agnes Bałtsa, tenor Vladimir Popov, the Atlanta Opera and the Atlanta Symphony Orchestra with conductor William Fred Scott. Part of the 1996 Olympic Arts Festival; 8pm; Jul 27

■ BERLIN EXHIBITION:

Agyptisches Museum und
Papyrussammlung –
Charlottenburg Tet: 49-30-3209126

Theatrum Hieroglyphicum.
Agyptischen Bildwerte des Barock exhibition of a series of 18th century pseudo-Egyptian statues and reliefs that were created for the Park von Worldz. The works on display give an insight into the ideas and perceptions of ancient Egyptian culture that prevailed at the time; to Sep 8

BONN

EXHIBITION Kunstmuseum Bonn Tel: 49-228-776121 Picasso – Iliustrierte Bücher: exhibition of books and book illustrations by Pablo Picasso. The approximately 100 works on display give an overview of the artist's development in this field between 1911 and 1974; to Sep 22

■ EDINBURGH EXHIBITION

Royal Scottish Academy

Tel: 44-131-2256671 David Livingstone and the Victorian Encounter with Africa: this exhibition offers an account of the life and times of David Livingstone, from his birth and childhood in the cotton mills of Lanarkshire to his journeys as missionary and explorer across the continent of Africa. The display also examines the political and ideological background to African exploration, the activities of missioneries and hunters in

southern Africa in the early 19th

century and the travels of fellow

The exhibition presents a diverse range of material from ethnographic items and natural history specimens collected by Livingstone and his parties, to portraits, original photographs, manuscript maps, journals and letters, as well as his travelling equipment; to Oct 5

■ LONDON

Wigmore Hall Tel: 44-171-9352141 Janácek, 7.30pm; Jul 27 EXHIBITION

Victoria & Albert Museum

Tel: 44-171-9388500

 New Helsinki Quartet: perform works by Mozart, Erik Bergman and

Tel: 1-213-850-2000 Hollywood Bowl Orchestra: with

Sep 29

CONCERT

Hollywood Bowl

conductor John Mauceri and vocalists Carol Burnett and Scott Bakula perform works by Bernstein, Losser, Sondheim and Rodgers; 8.30pm; Jul 27

■ LOS ANGELES

Arts and Crafts Architecture;

coinciding with the V&A's major William Morris exhibition, this display

matched the arts and crafts ideals of

William Morris.
The display includes work by Philip Webb, Norman Shaw, W.E. Nesfield, C.R. Ashbee and C.F.A. Voysey; to

Purceil Room Tel: 44-171-9604242

Her special guest is lan Stone; 8pm; Jul 27

Jo Brand: performance by the

comedian, starring in Channel 4's

Through the Cake Hole.

tells the story of the development

from the 1850s of an approach to

domestic architecture which.

■ MUNICH **EXHIBITION**

Kunsthalle der Hypo-Kulturstiftung Tel: 49-89-224412

 Amerika - Europa: exhibition of works from the collection of lieana and Michael Sonnabend, Included in the exhibition are works by American and European artists from. the 1950s to the present:

by Wagner. Conducted by Peter Schneider and performed by the Bayerische Staatsoper. Soloists include Bernd Weikl, Kurt Moli, Claes H. Ahnsiō and Hans Wilbrink, Part of the Münchner Opern-Festspiele; 5pm;

Die Meistersinger von Nürnberg:

OPERA

Jul 28. 31

Nationaltheater

Tel: 49-89-21851920

■ NEW YORK CONCERT Alice Tully Hall Tel: 1-212-875-5050 Reigakusha: perform works by Ishii, Takemitsu and Vierk. Part of

the Lincoln Center Festival; 8pm;

EXHIBITION The Pierpont Morgan Library Tel: 1-212-685-0008

 Being William Morris: A Centenary Exhibition: exhibition seeking to show a picture of William Monis in his various manifestations and careers: poet, novelist, illustrator and collector, among others. The display includes a widely diverse group of objects. ranging from books and bindings to wallpaper and fabrics;

PARIS

EXHIBITION Centre Georges Pompidou Tel: 33-1-44 78 12 33 Gaetano Pesce: a retrospective exhibition devoted to this artist,

featuring furniture, objects and architectual projects;

SALZBURG CONCERT

Grosses Festspielhaus Tel: 43-662-80450 Wiener Philiparmoniker: with conductor Simon Rattle perform Bartók's Concerto for Orchestra and Beethoven's Symphony No.6 (Pastorale). Part of the Satzburger Festspiele; 9pm; Jul 28, 29 (8.30pm)

Grosses Festspielhaus Tel: 43-662-80450 Don Glovanni: by Mozart. Conducted by Donald C. Runnicles; performed by Wiener Philharmoniker. Soloists include Ferruccio Furlanetto, Bryn Terfel. Lella Cuberli, Catherine Malfitano Vesselina Kasarova, Roberto de Candia. Part of Salzburger

■ SAN FRANCISCO CONCERT

Festspiele; 7.30pm; Jul 27

Louise M. Davies Symphony Hall Tel: 1-415-864-6000 An Evening with Patti LuPone: featuring the San Francisco Symphony with conductors John McDaniel and Emil de Cou, 8pm;

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08.30 Squawk Box

10.00 European Money Wheel

Financial Times Business

The shockwaves that unsettle

The bomb explosion last month which killed 19 American soldiers at a US complex in Dhahran launched a worldwide hunt for those responsible. But the shock of the explosion has also led to renewed soul-searching in Saudi Arabia about the future of the world's largest oil exporter.

Mortical Mortical Seen tion, or line around the future of the world's state largest oil exporter.

Many Saudis believe a small group of young Islamic extremists was involved in the terrorist attack. But asked about the Dhahran bomb, they launch into monologues about the ills plaguing their society, much of which they blame on policies of the royal family.

When oil money was plentiful and Saudis were busy amassing fortunes, the business and merchant classes were not inclined to make an issue out of royal excesses, economic mismanagement or lack of political freedom. The bomb attack, the second in the kingdom in eight months, is seen by many as a reflection of unrest over such issues stirred up by the tougher economic circumstances of the 1990s.

"Per capita incomes have gone down by two-thirds as we enjoy the highest birth rates in the world," says a leading merchant. "That's a recipe for disaster. Princes, merchants, everyone has to adapt to this change. Ten years ago nobody cared. But I think it will change under the pressure of what you saw in Dhahran."

The fall in incomes has been happening since the mid-1980s when oil prices began to fall sharply. But it was only after a liquidity crunch following the Gulf war that the king moved to curb the budget deficit. In 1994, he reduced government spending and raised charges on utilities to prepaire Saudis for a

less pumpered lifestyle.

Late last year, however, the king suffered a stroke and in January handed over to Crown Prince Abdullah, his half-brother. Although the king took over again two months later when he had made a partial recovery, the momentum for economic reform seems to

The kingdom could receive up to \$8bn in extra oil revenue this year from higher prices, which could be used to bridge a \$4bn deficit or pay contractors for past work. But economists say very little has found its way to the local economy.

Moreover, no measures have been initiated to fight corruption, draw up budget priorities or limit the stipends paid to around 5,000 Al Saud princes. Economists estimate that stipends account for about 20 per cent of the SR150bn (£26bn) state budget; defence spending, highest in the world, makes up more than 15 per cent of gross

domestic product.

Critics of the royal family are calling for reform rather than revolution. "The system is not perfect but no one in his right mind would ask for an alternative." says a Riyadh businessman. "We just have to look around us."

Saudis are well aware that the House of Saud has successfully brushed off challenges before, from the rise of Nasserism and Baathism, to the revolution in Iran. "We are like a conveyor belt, with a lot of people standing behind each other," a young Saudi prince says of the royal family. "One goes and another comes back."

There is a growing worry, however, that the king's illness makes it difficult for the Al Sauds to take decisive action and respond effectively to growing discontent. Although the king still has the final word, the crown prince is believed to be running the kingdom from day to day. Prince Sultan, the defence minister, is also influential.

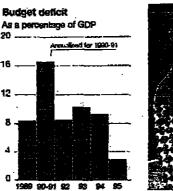
Yet moderate Islamists believe that conceding modest political and economic reforms would do much to reduce the level of discontent. It might also marginalise the section of the religious establishment which preaches an even more puritanical version of Islam than already practiced in the kingdom and is believed to be a source of inspiration to young extremists.

The clerics seen as most threatening to the regime - who were jailed in 1994 - expressed fears that religion was being separated from everyday life. But they also made demands for less arbitrary law enforcement, independent oversight of government financial institutions, anti-corruption measures and an independent media that are shared by most critics.

Ever since the kingdom's

Ever since the kingdom's foundation. Saudi Arabia's rulers have attempted to curb the religious establishment's politi-

Saudi Arabia's ruling family may be encouraging extremists by its failure to concede modest reforms, says Roula Khalaf





Nominal GDP per head (\$1000)





Sources: Decisionant, FT estimates, Ministry of Finance & National Sconottry

cal powers without seeming to act against Islam and jeopar-dising their religious credentials as the guardians of Islam's two holiest places. The government promoted the establishment of Islamic universities, and the inclusion of a heavy dose of Islamic teaching in others. In part to ward off the spread of communism, it also financed Islamic movements around the Middle East and contributed to the funding of the fighting the Soviet-

backed regime in Afghanistan. The religious establishment was asked to issue a fatura - or religious edict - inviting US troops to defend the kingdom during the Gulf war. But imams in government-controlled mosques were also allowed to deliver blistering sermons attacking Washington, resented by ordinary Saudis for its one-sided policy

in the Arab-Israeli conflict.

And while the streets of Riyadh are a slice of little America – lined with shopping malls, Pizza Hut and McDonald's – they are also patrolled by the mutawa'a, the religious police. They are fond of harassing women for a hair that inappropriately sticks out of a headscarve or a hand not tucked deeply enough into the traditional abaysas robe.

But the king has recently realised that policies aimed at promoting the royal family's legitimacy can backfire. Three of the four young men caught and beheaded after the bomb attack on a US-staffed Saudi national guard complex in Riyadh last November had fought in Afghanistan.

In the aftermath of the attack, the King curbed the reign of the mutawa a. He had already removed six of the

seven university chancellors last summer, but he then sacked radical professors and launched a propaganda campaign in schools against "false Islamic teaching".

Critics argue that reforms on the issues that worry both conservatives and liberals would win the support of even the most conservative clerics. Since Saudi Arabia is already an Islamic state, says one moderate Islamist, "most conservatives will be willing to live with modern necessities if they are assured the government won't be turned into a secular state, that there will be no bars, prostitution or outrageous indecency."

And a measure of political debate, now non-existent in the kingdom, would allow liberals as well as respected moderate Islamists to challenge the radicals. As a technology consultant in Riyadh says, it would create the opportunity to persuade those who shun credit cards "that credit cards are also useful even though interest is against Islam".

est is against Islam".

The fear, however, is that failure to offer some liberalisation will lead to deeper alienation of moderate Islamist critics of the regime and create a political cover for extremists. "Reform may not erase this [violence]," says a moderate Islamist. "But reform can prevent detarioration and growth of violent segments."

The king in recent years has attempted to tackle some of the issues raised by critics. For example, in 1993 he revived the majits at shown, the consultative council which is a Saudi Arabian's version of a parlia-

But he appoints all the council's members and can ignore their recommendations. And he has yet to react to the council's suggestion last year that all state expenditure be included in the budget and new priorities be set for how oil money is spent.

People close to the Al Sauds say one reason for the king's return in March was prompting by some members of royal family who wanted to delay the succession of Crown Prince Abdullah who is reputed to favour curbing spending and limiting excesses. They believe that changes will have to wait until the crown prince takes over.

TETTERS TO THE EDITOR.

Annuber One Southwark Bridge, London SEI 9HL learn to the second better to second better from readers around the world. Letters may be faxed to the second better are also the second better are also the second better are also be set to the main international languages.

Posters a priority on road to promotion

From Mr Philip Allen.

Sir. Lucy Rellaway is lucky to be living in London where motivational posters can still safely be frowned upon ("Is performance-related pay worth it?", July 23). In the US a thriving industry has grown up around

up around "corporately-correct" poster art. Managers have budgets to buy selections of framed posters from a catalogue, and the English will find this difficult to believe – employees vie to hang them on their

Within a few yards of my

Handshake ("teamwork") the Long Road Disappearing into the Sunset ("the race for quality has no finish line") and the Ocean-Going Yacht ("Risk ... you cannot discover new oceans unless you lose sight of the shore"). Yes, it is inconceivably trite, but over here on the west coast managers are indeed promoted

Philip Allen, 900 High School Way, Apartment 2104, Mountain View, CA 94041,

for this sort of thing.

No evidence for this 'fact'

From Ms Catherine Kaplinsky.
Sir, In Jeffrey Masson's
review of Anthony Storr's book
Feet of Clay: a Study of Gurus,
he says that "factual errors are
annoying" and complains
about lack of evidence. Is this
not ironic? In the same review,
Masson claims as "fact that
Jung slept with one of his
early patients and students,
Sabina Spielrein".

early patients and students,
Sabina Spielrein".

He is guilty of the same
error. Over the years,

researchers of Jung have not found conclusive evidence that he slept with this patient – much as some might like it. As with many reviews this is one where the reviewer's personal bias is very evident.

Catherine Kaplinsky, press officer, Society of Analytical Psychology, 1 Daleham Gardens, London NW3 5BY, UK

Unequivocal rules on moral issues

From Mr Alastair Budd.
Sir, Regarding Hugh
Dickinson's column "Why the
time for rules is past" (July 13/
14), the Ten Commandments
have permanent value because
they emanate from God, the
supreme being: they are not a
set of arbitrary rules. For the
Christian and Jew, obedience
to the moral law of the Ten
Commandments provides both
guidance and protection.

Christ Jesus' response to a 🚒 woman accused of adultery, a recorded in chapter eight of St John's Gospel, is both compassionate and unequivocal: "Go and sin no more." Genuine Christianity does not compromise or prevaricate on moral issues, which is why it is often resisted and rejected. Commitment to the radical Christianity practised by St Paul and other first century Christians will impart the moral dynamic so needed in western society today.

Alastair Budd, 20 rue du Nord, CXH-1180 Roile, Vaud, Switzerland

Workers' rights are not just a western value

From Mr Jeff Atkinson.
Sir, Your editorial
"Sweatshops" (July 23) implies that organisations like Oxfam which are campaigning to improve the situation of workers in developing countries are imposing western

values on these countries.

Is the basic right to safe and healthy working conditions in factories an imposition of western values? Should not all workers, whether in developing or developed countries, have such rights? The basic rights of workers are enshrined in the conventions of the International Labour Organisation, which are agreed to and ratified by the governments of countries, both

developing as well as developed – and fought for by workers' organisations in developing countries. This hardly makes them a western

What Oxfam, together with other anti-sweatship campaigners, particularly want is that the most fundamental of all ILO rights - the right of workers to organise and bargain collectively - should be respected by all governments. This is not an imposition of western values. This is about giving workers in developing countries the right and the power to bargain for whatever conditions they themselves consider to be appropriate and just.

Having western countries remove the barriers to garment and other imports from developing countries is important, as your editorial suggests, because it helps create desperately needed jobs in poor countries. However, also important is ensuring that the jobs created are not exploitative — and the best way to do that is to ensure that workers have some say in the conditions under which they have to work.

Jeff Atkinson, policy adviser on trade, Oxfam UK & Ireland, 274 Banbury Road, Oxford OX2 7DZ,

Europa · Dominique Moïsi

Citizens on a sinking ship

The European state can no longer carry out its traditional duties and must be reinvented



The British beef crisis - or "the crazy cow" as it is described in France - has been an important turning point in the dif-

ficult relationship between the UK and the rest of the European Union. But in addition to the potentially frightening health consequences of BSE, the crisis has also raised some troublesome questions about the relationship between the state and society.

Who can private citizens trust on issues of collective health and safety in a world that is becoming ever more complex? Can they rely on anonymous officials at national and European level or the politicians they have elected to protect them from the unintended consequences

of technological advances?

The beef crisis comes 10 years after the radioactive fallout from the burning nuclear power station at Chernobyl in Ukraine had supposedly stopped at the Rhine. According to official statements, French territory was left untouched. This was proved false when years later otherwise inexplicably high cancer rates were recorded in regions of France that were more affected than others by the radioactive cloud.

More recently, a crisis emerged over the contamination of blood supplies with the HIV virus which - like the spot in Lady's Macbeth's hand continues to haunt the French politicians involved. The victims have been compensated, but after much haggling. And the series of scandals which has hit the nationalised industries from Credit Lyon-nais to Crédit Foncier de France is like an acid eroding the credibility of the country's institutions. In the latest of these, the former chairman of SNCF, the state-owned railway company, is in jail in connection with an inquiry into investments by Elf Aquitaine,

The "crazy cow" affair has

the French oil giant, while he



added to the growing alienation and distance between citizens and the French state. The campaign encourage people to buy French beef with the aim of restoring sales has largely proved a failure, since the mad cow problem is not one of the origin of the cows, but of what they have been fed. Consumers fear the government has not exerted sufficient controls to avoid contaminated feed reaching the farms.

This is notentially dangerous

for the future of democracy. The ultra-liberals may proclaim that public opinion wants a smaller state, but what most people want is a better and more responsible state – one that is less concerned with pomp and more honest, efficient and impartial. Yet the omnipresent and

honest, efficient and impartial. Yet the omnipresent and highly centralised French state appears incapable of finding answers to the social cancer of unemployment. Its justice system is seen as partial, with ministers of justice appearing to protect those close to the governing parties. It is not surprising that citizens find it hard to trust the measures announced by the government

to reassure them about beef. As we are about to enter the 21st century, the question is whether the state is too small to solve the big problems and too big for the small problems. The problem is that the four traditional missions of the state are all being questioned, for different reasons.

The traditional Mobbasian

The traditional Hobbesian mission of providing security against attack from outside has lost its importance with the end of the cold war. The well-defined threat of the Soviet Union has been replaced by a multiplicity of uncertainties such as terrorism and uncontrollable migrations of people. But there is no outside power directly threatening the security of most western coun-

The second mission of the state was to protect the weakest by reducing inequality and redistributing wealth. But the social security systems of western Europe are crumbling under the weight of deficits. There is a growing awareness that too much social protection is destroying the economic base that funds the welfare state — eroding the very

As for the third mission of regulating the economy, that has fallen victim to globalisation. The role of the state as an economic manager has been undermined by the vast scale of financial flows across borders. This reality is confirmed by governments' exit from state enterprises and utilities through privatisation.

In countries such as France or the UK, the state has had a fourth function in contributing decisively to the creation of a nation – by forging a national identity out of diverse peoples. By contrast, however, in Germany or Italy, the nation created the state.

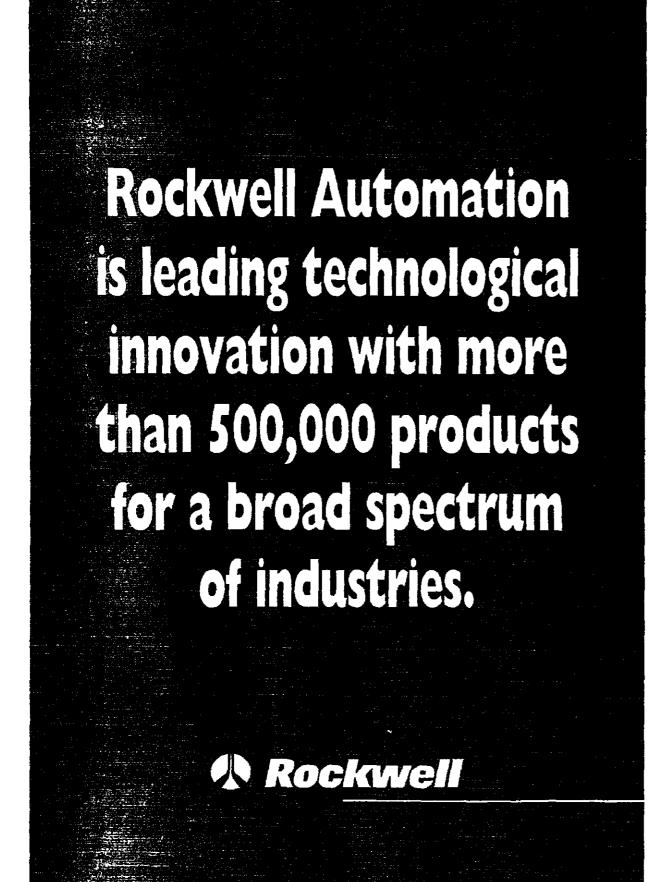
However, even that role of building and keeping alive the nation's identity has been eroded by the behaviour of those who represent the state. The contrast between the pomp and glory of state caremonial – monarchical or republican – and the activities of the British royal family or the mayor of Paris is weakening the capacity of the state to embody the nation.

This crisis of the state in France and - to various degrees - the rest of Europe does not mean the solution is a reduced, business-friendly, minimalist state that some advocate

Most Europeans believe that post-second world war Europe has been built on a combination of economic growth with social protection - a more humane model than the Asian or even the American model. Yet they also know that this European model no longer works - and they have lost confidence in their leaders to protect them from adversity. If the European state is to be credible and respected again, it will have to be reinvented this time with less ambitious aims and higher standards of morality. The state of the future must give a much higher priority to the task of educating its people to face a fast changing world.

And those who represent the state at the highest level must find the courage to exclude the black sheep. The future of democracy lies in their readiness to do so.

The author is deputy director of the Paris-based Institut Francais des Relations Internationales and editor of Politique Etrangère. He writes here in a personal capacity



FINANCIAL TIMES

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Bloodbath in

Burundi

Major Pierre Buyoya, who ruled the country from 1987 to 1992.

challenge to the US, the UN Secu-

rity Council and the Organisation

of African Unity, all of which have

said they will not recognise a Burundian government installed

by illegal means. Salim Ahmed Salim the OAU secretary general.

even said such an attempt would be met "by force", under either

the Nyerere plan or the UN. Such threats are hardly convinc

ing. Mr Nyerere himself said last

week that no troops would go in

unless there was a ceasefire. And

even if the UN Security Council

were to mandate a force to fight the Burundian army, few countries would contribute to it.

Diplomatic isolation, a more plausible threat, would in itself do little to prevent further slaughter. The Tutsis have somehow to be

persuaded that they have a far

better chance of avoiding extermi-

nation through genuine compro-

mise with the majority than by seeking to perpetuate minority

rule. Major Buyoya, who in 1992

played the democratic game and

handed over to the first Hutu pres-

ident, may well be the only leader who can get this message across.

and 1995. Employment in the over-

worked US, meanwhile, rose 26

per cent.
Voluntary efforts by companies

to reduce working hours which do

not increase unit labour costs

might deliver a range of benefits

Sharing the pie

the unemployment debate in 700,000, or 3 per cent, between 1979

The army's action is a direct

unawares by the sheer speed of the slaughter. That is one excuse it cannot give today in neighbour-

ing Burundi. The crisis there has developed in slow motion, claim-ing the lives of 150,000 people

since 1993. Killings are now reck-

oned at over 1000 per month. But the sporadic, unorganised charac-

ter of the violence makes it much

harder to produce a credible plan

Julius Nyerere, the former Tanzanian president, negotiated a plan last month, under which

troops from east African countries

would guard key installations as well as leading politicians and

civil servants, and retrain the

army. This seemed serious at the

time because "security assistance"

was formally requested by the Burundian president and prime minister, representing the two

But later the prime minister

backtracked, under pressure from his own Tutsi community, who feared that the proposed interven-

tion, by neutralising the army,

would remove their only protec-

tion against wholesale massacre

by the Hutu majority - the fate of

On the other side the Rutu pres-

ident was disavowed by the main

Hutu rebel group, and has since taken refuge in the US embassy

France that the government is

pinning its job creation hopes on

may, at the margin, raise employ-

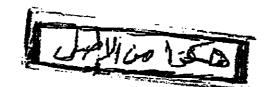
ment. For that reason, the new

have not been behind the rise in

their kith and kin in Rwanda.

mutually hostile ethnic groups.

for stopping it.



AND EAST ANGELS . W. S. C. S.

Once again the "international after being stoned by angry community" watches helplessly as mourners at the inperal of over community" watches helplessly as an African state slides into genocidal anarchy. Two years ago in Rwanda the world was caught

A sections on Helms-Burton

Maffan hank reside faces pink the reduction of working hours. Encouraging companies to cut the working week and hire more staff

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Library.

المدار بغزيو French unemployment - nor will they play more than a modest role in reducing it. - 3. . . To expect large employment T-94.87 gains to result from such schemes you have to believe that the don-- Cbling in the number out of work · Segretary (September 1988) since 1979 has been due to employed people "hoarding" the available work by putting in long hours. Yet, according to the Organisation for Economic Cooperation and Development, the average French employee worked 10 A a total of 1.631 hours last year, T over 320 hours less than the aver-

> OECD only the Nordic countries and Germany worked fewer hours. Higher joblessness can rather, be traced to a range of other factors: a long-term decline in the demand for unskilled labour; inflexible - and uncompetitive labour and product markets; and the generally depressed state of nominal demand. As a result, the economy has simply not produced enough work to keep the work-

age US worker. Indeed, within the

law encouraging employers to do in addition to higher employment. this is not necessarily a bad thing. Depending on the precise arrangeBut the hours that people work ments, both employer and flexibility afforded by working a shorter working week or employ ing more heads. It makes sense then, for the government to give

companies a prod in this direction. by reducing some of the extra cost of taking on new staff. But it is up to companies to decide whether they will benefit from following the government's lead. Ministers should not try to force them. Instead, they should keep their eyes on the more important employment prize: of boosting the total work available.

A more expansionary monetary

policy, faster deregulation of the lahour market and the service sec tor, and tax reforms to reduce non-wage labour costs could all generate a genuine increase in employment. Given the burdens of qualifying for European monetary union, Mr Alain Juppé may have given up making much progress in these politically sensitive areas for the time being. But the prime minister should not pretend that tweaking working hours will fill the jobs vacuum instead.

UK defence

A very public squabble between Cabinet ministers is not normally considered the model of good government in the UK, but the spat over £3.5bn of defence orders between the British Treasury and the Ministry of Defence has at Remarks of April adiable least produced some good results. From the MoD's point of view it has kept its policy of reducing personnel while buying more modern and effective equipment on track. This was in severe danger of being undermined by Treasury cuts to its capital equipment budget. Such a reduction risked further under-

mining the morale of the armed

forces, and betraying the bargain-made by the chiefs of staff when

they accepted staff cuts for more modern equipment. The prospect of losing important equipment also raised a more concrete danger that the military's capability might be bled to the point where it ceased to be a credible fighting force. Defence expenditure is to some extent discretionary, particularly in times when threats are absent, but the long lead-times to procure defence equipment and unpredictable

nature of world events mean that a guard can never be fully relaxed. The UK obviously has an interest in being able to maintain clear shipping lanes and needs maritime patrol aircraft for the task The limitations of the Royal Air Force's old arms inventory was tragically demonstrated by its high attrition rate in the Gulf war. There is little doubt that this equipment is needed by the RAF. At the same time, the chancellor body's mouth.

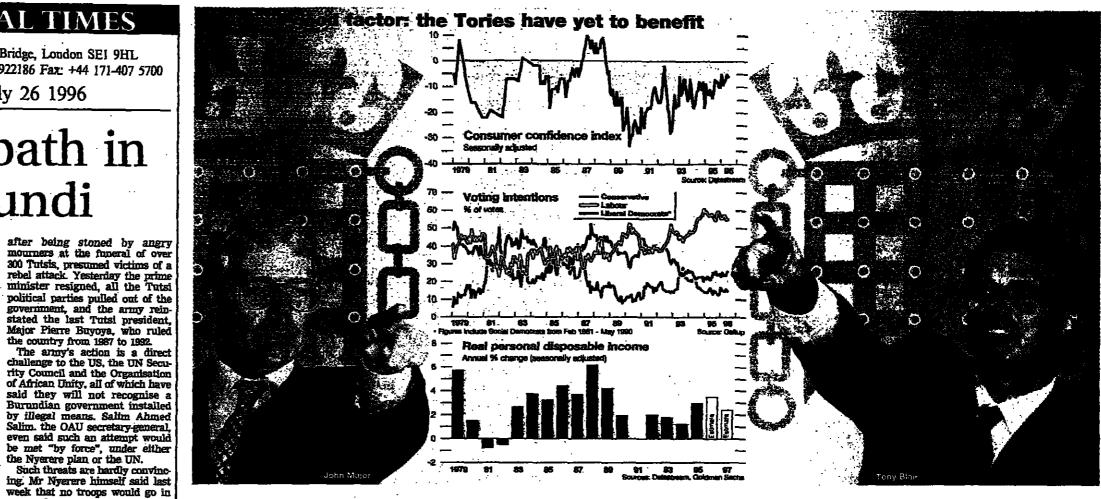
fiscal discipline. With taxation receipts unexpectedly low and non-discretionary spending on areas such as welfare still growing, the pressure has to be fell of the merits of the MoD's case was thus reasonable. Having failed to cut a pound of

flesh from the MoD on this occasion, the Treasury will be casting about for other victims in the cur rent public spending round. To judge from the muttering coming from Great George Street yester day, other aspects of MoD spending may expect the Treasury's particular attention. Clearly if spending is not cut somewhere. the only alternative in the medium term is higher taxes. Since the Conservative party professes to be in favour of both strong defence and low taxation, the government's choices will be all the harder in finding spending

cuts for the next Budget. While a debate over the orders may have been reasonable, the kind of on-again, off-again brinkmanship which has characterised the struggle over the past few weeks is less attractive. The Tories are unlikely to reap the electoral advantage they seek from placing the orders in the UK if they mishandle the announcement by blurting it out a day after parliament has departed for the summer. Firmer leadership at the centre might have resulted in an earlier resolution of the problem and left a better taste in every-

The state of the s

COMMENT & ANALYSIS



Blair runs with the tide

Lagging behind in the polls and facing divisions over Europe, John Major has an electoral mountain to climb, says **Philip Stephens**

There might yet be another flimsy bridge to be thrown across the chasm in the Conservative party over Europe. Even as pro-European ministers man the barricades behind the cabinet's wait-and-see policy towards a single European currency, there are whispers in Whitehall about the

terms of another truce. The details can wait for a moment. As parliament breaks at the start of the summer recess, ministers and backbench Tory MPs alike are asking whether there is any longer a purpose to this endless search for compromise. The wounds inflicted by Europe now run too deep. For many, the general elec-

n has aiready been lost. Mr-John Redwood thus seeks to iostle aside Mr Michael Portillo as the favourite of the Eurosceptic right for the party leadership. Mr Peter Lilley, an ideological soulmate, is promoted by friends as the a chancellor in-waiting. Mr Malcolm Rifkind, Mr Stephen Dorrell and three or four others preen themselves as candidates of the centre. Mr Major appears almost, though not quite, alone in thinking he might yet win.

Taunted by Mr Tony Blair, the Labour leader, in the Commons this week, the prime minister paraded the good news on the economy which a handful of optimists believe could yet rescue the government. Behind him, Tory MPs sat on their

hands, divided and disloyal.

Of itself, the much-publicised resignation of Mr David Heathcoat-Amory was insignificant. A middleranking minister with a junior job at the Treasury, he joined the chorus of sceptics demanding that Mr Major rule out participation in economic and monetary union during the lifetime of the next parliament. In the longer term he will add little more than patrician charm to the

Mr John Major's sceptics' ranks. He has had his options are not entirely exhausted. sceptics' ranks. He has had his moment of fame. But these upsets entirely exhausted. sceptics' ranks he has had his moment of fame. But these upsets thinks Mr Blair will win the elecrelentless familiarity.

The coincident resignations from the government of Mr Steve Norris and Mr Tim Eggar were hardly noticed. These able ministers chose to quit not over any policy difference but because they have given up on politics and, by implication, on the party. Mr Heathcoat-Amory represented the divisions in the government. Their departure was acknowledgement of the decay.

A few days earlier, Mr Major had made another of his all-too-frequent pleas for party unity in the months before the election. They could still win, he told Tory MPs at their traditional end-of-term rally. Those who listened said that the prime minister sounded as if he meant it. Some were half-convinced. But within 48 hours they were

back in the trenches, turning their fire from Labour to enemies on their own side. For the hardline sceptics. Mr Heathcoat-Amory was a man of principle not a turncoat In their minds, Mr Kenneth Clarke, the defiantly pro-European chancellor, is a more dangerous enemy than Mr Gordon Brown, his Labour shadow. Less ideological ministers despair. Press them about the fitness of their party to sustain an effective administration for another five years and most find compelling cause to change the subject.

The opinion polls reinforce the gloom. During the past month or so the gap between the two main parties has narrowed. And it is scarcely plausible that the raw figures from the pollsters - showing a Labour lead still of upwards of 20 points - reflect the true intentions of the electorate. A realistic guess would give Mr Blair a lead of between 10 points and 15 points. But even that presents Mr Major with a mountain which has never before been climbed. Ten months before the 1992 election the two parties were standing side by side.

There are other warning signs.

tion. Such forecasts tend to become a self-fulfilling prophecy. The Con-

servatives are seen as divided and extreme. New Labour (Mr Blair's corny prefix has stuck) casts itself as moderate and relatively united. Mr Major, though, is not quite alone. Mr Michael Heseltine, his deputy, also refuses to contemplate the possibility of defeat. Mr Heseltine takes a determinist view of the relationship between economics and politics. However disgrun-tled, the electorate will not turn out

a government after a sustained period of rising incomes. The money is certainly jingling in the voters' pockets. Real personal disposable income rose nearly 3 per cent last year. A bigger increase is expected for 1996. Consumer confidence has returned to its highest levels since 1992. So too has the feel-good factor, the polisters' mea-

sure of the electorate's expectations

for the next 12 mouths.

r Clarke's summer forecast of accelerating economic growth alongside quiescent inflation is too optimistic. If the chancellor is right about the quickening pace of consumer spending, then interest rates will almost certainly have to rise to cap the pressure on prices. Nor does the chancellor have much leeway for tax cuts in his November Budget. The best guess of Whitehall insiders is that he may find room to take 1p off the basic rate of income tax, and even that will require some creative accounting. But in the economy will feel good. Many voters will ask themselves whether in backing Labour they would risk

this good fortune. Mr Blair is not complacent. He proved again this week, that unlike Mr Major, he can get his way in his party. But the return of the same old faces to the shadow cabinet table was hardly a triumph. The colleagues he relies on most - Mr Gordon Brown, Mr David Blunkett and Mr Jack Straw - were not the chosen favourites of Labour MPs. The parliamentary party is becoming fractious. There is a visible distance between leader and led. Mr Blair, never the most clubbable of politicians, needs to shake a few hands, slap a few backs and buy a few drinks for his footsoldiers.

The tensions in the shadow cabinet do not help. Mr Robin Cook, one of most able in the team, seems increasingly detached. When he disagrees he will endorse the collective line but with an edge to his voice which scarcely conceals his dissent. He has done so again over Mr Blair's call for end to strikes by

London's Tube train drivers. The pressures will increase through the autumn. Any reasonrowing of the published opinion gap between the parties between now the election expected in April or May 1997. Otherwise, the Conservatives would be facing not defeat but political extinction. Mr Major is used to being battered. All the indi-cations are that Mr Blair too will keep his nerve. But his party's resilience is untested. The Conservatives have the money and means to launch a sustained assault.

Against that there are deeper currents running in Mr Blair's favour. During the two years of his leadership he has sought to build a new intellectual framework for the centre-left. At its core is a role for government which is enabling rather than interventionist. Wider opinion seems to be moving in his direction. Mr Newt Gingrich, the leader in the US Congress if the Republican right, has lost as many disciples on this side of the Atlantic as he has in

Endemic job insecurity and rising income disparities have shown that markets have vices as well as vir. tues. The political tide in favour of a minimalist state is ebbing as fast as it flowed. The voters do not want

big government. But nor do they want no government. The answer lies in investment in education, training and technology. These are

Labour's slogans. In his pitch to the electorate, Mr Blair has still to strike an easy balance between reassurance and radicalism. The promise of restructuring of the welfare state has yet to be matched by a clear exposition of the means. Mr Paddy Ashdown's Liberal Democrats are often alone in their advocacy of bold solutions. But these are minor points when set against Mr Major's tribulations.

The Tory sceptics, with backing from within the cabinet, are determined to win the struggle over a single currency. They plan an autumn campaign to force a manifesto pledge ruling out sterling's participation during the next parliament. So far the cabinet's three firm. Mr Clarke and Mr Heseltine could scarcely remain in his government if the prime minister gave in. secretary, is personally less committed to keeping open the Emu option. But he has told Mr Clarke he will resist attempts to reopen the issue.

Others are less convinced that the prime minister will hold that line. His own opposition to any further European integration has hardened. Given a free band, he would not take the pound into a single currency. Hence the talk of another compromise. This latest, still speculative formula would see the gov-ernment pledging to stand aside if Emu started on schedule on 1 January 1999. But it would leave open all other possibilities, including joining later or being among the first wave if the project were delayed.

It is impossible to predict whether such a fudge might buy another temporary peace. Either way it is hard to imagine the voters will care. The general election is not lost until it is fought. But Mr Major can win now only if the nation runs away from change. For the moment it seems to relish the prospect.

OBSERVER

on Carlo

There is no need to worry any longer should what Carlo De Beitedetti which with his time now he like speed up day to day executive outsits at Olivetti, the lialism companier company of which he is characters destardey he agreed to include the European Union

working group with will prepare the way for a new year. European telecome regulator.

De Benedight has always been an expert Britistels of finonzer and years play a smeath coment was proof that even though Olivetti is truggling to return to profit, and its personal computer subsidiary is facing a bleak second half, his lobbying nowers are undiminished. Presumably the post dovetalls rather nicely with his "full-time

commitment" to hendling Olivetti's alliances and strategies one of which just happens to be developing the company into a broad-based information technology and belecoms operator. A conflict of interest - or an incentive to make sure something comes out of the working party?

The piety business The world would have lost a lot of its best literature if it followed the principle apparently embraced by Newsweek. Richard Smith, the weekly magazine's editor-in-chief and president, is still wrangling with the problem, as he sees it, of how to accommodate the fact that his star columnist Joe Klein is also Primary Colours.

Smith has apparently said: there are complicated issues over having a journalist and fiction writer in the same hody". Whether this refers to the corpus

of Newsweek or to Klein's own body is unclear. However, the principle that anyone in the facts business will be corrupted by a. facility for storytelling seems a mite pious. If publishers down the ages had taken that stand, it would have

been at the expense of Charles Dickens, George Orwell, Ernesi Hemingway, Rudyard Kipling, Anthony Trolloge, H.G. Wells, Emile Zola, Evelyn Waugh, to mention just a fraction of an Mustrious band. More recently sources in the trade vouch that Prederick Forsyth was a great Reuters journalist in Berlin, and there are few backs who don't envy

Perhaps the best example is under Newsweek's nose: David Ignatius, business editor of the Washington Post, is the spinner of three bestselling yarus, and the fourth - still unfinished - has just been snapped up by Hollywood for a reported \$1.1m. That may be the real moral:

superstar earnings and workaday

Robert Harris.

journalism are an uneasy mix. But that is more Newsweek's problem

Net matters ■ Watch out for an interesting test

case which could soon emerge as to what you can and what you cannot print on the World Wide Web. The story involves a Norwegian car - something called a 1921 Nash limousine - to a third party, who paid with two cheques, one of which was good, one of which

The car then found its way to auction house Sotheby's and was sold in March 1992. Lundstad subsequently wrote to Sotheby's indicating that he believed he was still the owner, and attempting to He also contacted the police.

Sotheby's says it wrote back expressing sympathy, but saying that it believed that since he had surrendered it voluntarily, all he had was a claim for a bad debt. The correspondence has rumbled on. The auction house's sympathy

rather evaporated when Observer rang yesterday to point out a recent web site set up by Lundstad - a spoof of the real Sotheby's site in which he scurrilously alleges at leasth that the auction house is in the fencing business. It invites users to fill in an on-line questionnaire or request an

estimate - both processes which

Sotheby's, incensed, sees this as libel and breach of copyright and is meanwhile has gone on holiday "noust rest now", as he e-mailed

Still talking ■ Who would be an offshore

link into the real site.

banker in Cyprus? But a fear of being out of the loop presumably does not trouble the emphatic Borks Vucic. She arrives in London today as a leading member of Serbia's negotiating team for the London Club talks with representatives of some 380 commercial banks. The rump of Yugoslavia owes them more than a third of the former federation's \$4.4bn debt.

Vucic set up Beogradska Banka's offshore unit in the days when Yugoslavia was still united. True. Beogradska's presence in Cyprus has shrunk from nearly 100 to fewer than 20 employees since the days when Serbian and Montenegrin companies used the

island to get around UN sanctions. But Vucic, who has 30 years of international banking experience behind her, is very much a force to be reckoned with.

For one thing, she has the ear of Serbian president Slobodan Milosevic to whom she taught the rudiments of banking when he worked for Beogradska - well before his political career took off.

Financial Times

50 years ago World Wheat Prospects

Still another critical week has passed for wheat with no sign of a break in the stream of good crop news from all parts of the world. In the United States, harvesting of the winter crop is in full swing and weather conditions could not be better. In Argentina, temperatures are seasonably lower. Widespread frosts have been reported. The could do a great deal of good by checking any precocious growth caused by the rainfall and mild weather of previous weeks. Argentina ĥas had two poor erons in succession and is due for a change of luck. Reports from Russia and the Balkans continue to speak of excellent results.

Currency Black Market Paris, 25th July. On the foreign exchange market of Tangiers, the only free market within the French zone, foreign currency . rates have continued their downward movement, whereas gold coins were steady and rather firm, according to the last report which reached Paris. On the black market of Paris, prices rallied after a sharp break registered at the middle of the month following the revaluation of the Canadian dollar and Swedish krona, but are still much below the peak reached by the end of January.

FINANCIAL TIMES

Friday July 26 1996

"The team is a mirro that reflects its leader."

KHOLEK

UK awards defence contracts worth \$5.4bn

Missile deal paves way for BAe link with Matra

By Bernard Gray in London

British Aerospace and Matra of France yesterday won a £600m (\$936m) contract to supply the UK Ministry of Defence with croise missiles, in a deal which clears the way for the two companies to complete the merger of their missile divisions. Such a merger would allow the

two companies to proceed with their proposed bid for Thomson-CSF, the French defence electronics company which is due to be privatised shortly.

The award of the cruise missile contract, which only came after the personal intervention of the French president Jacques Chirac, who telephoned Mr John Major the UK prime minister to lobby for BAe-Matra on Tuesday, came as part of a £3.5bn (\$5.4bn) arms procurement package by the Brit-

The MoD also ordered replacement maritime patrol aircraft worth £1.8bn from BAe and antitank missiles worth £650m from the General Electric Company. The contracts came after a battle between the MoD and the the MoD, which had been going

Treasury, which had wanted to postpone the orders because of concern about the level of public

However, Mr Michael Portillo. the UK defence minister, finally won the day in a tense late-night cabinet office meeting on

BAe's contract to re-manufac-

ture 21 Nimrod maritime patrol aircraft was agreed only after a last-minute deal which will see GEC get £200m of electronics work on the programme. GEC had been the main rival to BAe as part of a consortium with US aerospace giant Lockheed Martin. To win the crucial cruise missile contract, BAe and Matra also had to cut their price to match low bids from US aerospace company McDonnell Douglas and a

German-Swedish team, Daimler-Benz-Bofors. GEC, winning the third contest to supply advanced anti-tank weapons, secured its position as Europe's leading manufacturer of missile target seekers. However, even this contract was also only awarded after a late re-think by to order a weapon from Hunting Engineering.

The manoeuvring by Britain's defence giants to win contracts was criticised by smaller defence contractors and foreign companies. They said they were unhappy about the way the con-tracts were awarded, and said the last-minute deals flouted the spirit of the MoD's competitive tendering system.

Both Short Brothers of Belfast and Hunting Engineering, the two smaller UK missile makers, expressed strong disappointment at the way decisions had been made. Hunting believed it was selected for the anti-tank contract by the MoD's technical evalnation team, but that the decision was overturned after heavy lobbying from GEC.

A team from US aerospace company McDonnell Douglas left London yesterday after saying it felt the cruise missile contract had been unfairly steered in the direction of BAe. Bofors, the Swedish arms manufacturer, said it was clear political and industrial considerations had influ-

Fidelity dials up a cheaper way to sell German shares

By Krishna Guha in London

Fidelity Brokerage, a subsidiary of the US fund management group, is to take advantage of a new European law to sell shares in German companies to German retail investors by telephone from the IIK.

Fidelity believes it will be cheaper to operate from near London than Frankfurt because of lower telephone and employment costs in the UK. It would have been barred from setting up such an operation under German law before this year.

The implementation of the EU Investment Services Directive has allowed brokers to become "remote members" of exchanges in other countries. This has led some investment banks to concentrate share trading in London.

The move could stimulate forther consolidation of trading in speaking brokers to operate from would be the first foreign comits European office in Tadworth

German retail investors will be able to buy and sell shares in Frankfurt and seven other regional exchanges by dialling a free number. It will cost Fidelity 22p a minute, compared with 52p if the call was within Germany.

The ISD enables a company authorised by regulators in one member state to offer the same investment service in another. Germany is affected by the directive even though it has not yet been enacted by its parliament.

Fidelity will launch its service later this year. At first, it will trade on behalf of financial intermediaries, moving to contact retail customers directly by the pete directly with local banks.

"Who would have thought that there was new territory in Europe? But there is," said Mr Fidelity is to hire 20 German- Fidelity Brokerage. He said it about 100 popular shares.

pany to offer a domestic retail

service from another EU country. financial companies wanting to use the directive to operate in Germany, according to the German Federal Securities Supervisory Office. However, most others are expected to operate physically in the country.

The Frankfurt Stock Exchange said that it operated already as if the ISD was law. A spokesman said Fidelity was a remote member of the exchange, and so could offer services to German investors no matter where it was

Mr Huber said Fidelity aimed to take "fully fledged remote membership" of Frankfurt and

Fidelity will use the Boss Cube trading system, which can deal in all securities, in addition to the Ibis system, used by most remote

In an attempt to dissuade

bureaucrat censured out of line

Mr Magnus Lemmel, a senior European Commission official from Sweden, incurred the wrath of his colleagues after giving a newspaper interview containing tough criticism of the body he

cracy, fuss and waste" in the Swedish daily Dagens Politik, Mr Lemmel described life inside the Brussels executive as a "culture shock". He told of an institution beset by paperwork and wasteful duplication, lacking direction and in danger of stagnating.

On some days, the deputy director-general of the Commission's powerful industry section confessed he thought his job

His comments were discussed by the 20 European commissioners at a meeting this week and earned him an official reprimand from Mr Erkki Liikanen, commissioner responsible for personnel and administration.

proper judgment and loyalty would not be tolerated, warned Mr Liikanen, a fellow Nordic from Finland.

Mr Lemmel, for six years managing director of the Federa-tion of Swedish Industries, and a former executive at Ericsson, the Swedish electronics group. was a leading member of the referendum on joining the Euro-

employees," he said.

"Public denunciations by senior official of his own adminis tration will only weaken that official's standing in the eyes of his colleagues and complicate any future efforts to implement reforms," the Finnish commis-

Brussels for stepping

Brussels bureaucrats are not known for stepping out of line. One who did dare to criticise the bureaucratic culture – describing the 10 signatures needed to approve a round trip to Geneva

But when he got to the Com mission as one of Sweden's most senior appointees, his first impression was that "the Commission only ordered studies which in many cases ended up in desk drawers". He observed that the Commission's culture stifled initiative. "Not much is done here to make creativity blossom or to lure out the best among the

Mr Liikanen suggested Mr Lemmel should avoid making snap judgments about his new

Mr Lemmel is not the first Nordic newcomer to get his knuckles rapped for outspoken views. Last year, Mrs Ritt Bjerregaard, the Danish environment commissioner, was censured for publishing a critical diary on her first six months inside the Brussels

as "grotesque" - has been told not to stray again.

joined a year ago. Under the headline "Bureau-

A repeat of this "lack of

squeezed manufacturers' margins over the past five years. Meanwhile, sales growth in developed markets has "Yes" campaign in the Swedish

possible takeover of Grand Metropolitan by Guinnese shows that investment bankers are alive to the opportunities. The snag is that while cost savings are big - combining any two of the world's four largest spirits companies could produce \$200m-\$400m a year - they are in most cases insufficient to justify hostile bid premiums. Bidders have lived to regret overpaying for acquisitions in the sector;

office costs.

Food and drink

The time is ripe for the world's food

and drinks industries to consolidate.

The growing power of retailers has

proved elusive. Given the fragmenta-

tion of both industries, takeovers

could eliminate duplication in produc-

tion, distribution, marketing and head

THE LEX COLUMN Filleting Philips

To see Europe's competitiveness problem in a nuishell, look no further than Philips' latest restructuring plan-8,000 jobs are to be shed; up to 2,000 are to be created in low-cost economies elsewhere. But sadly, even this tough-minded hatchet-wielding will not go far to transform the company's performance. Philips expects the F1800m restructuring charge to pay for itself within two years, haplying an ongoing F1 400m reduction in costs modest in the context of a consumer products business which has to live

restructuring is unlikely to be the last. Even so, there is plenty to tempt the long-term investor. On fundamentals, the shares look nonsensically cheap. Strip out Philips' holding in Poly-Gram, and they are trading at less ember Nestlé's takeover of Perrier and Tomkins' purchase of Ranks Hovis McDongall. There is also some-thing to be said for leaving weaklings than four times this year's not-veryimpressive expected earnings. True. few would put money on much of a like Allied Domecq or United Riscutt recovery in consumer products. But to flounder. And while "mergers of Philips' lighting business deserves a equals" would overcome the problem respectable rating. So does the semi-conductor side: inevitably this has of overpaying, few managements feel under sufficient pressure to consider

with annual price falls of around 8 per cent, equivalent to F1 13tm or so in;

lost turnover. With the business hav-:

ing to run so hard to stand still, this

been hit by the sharp downturn in chip prices, but far less than most. The snag is that all this has long This does not mean the industries will stand still. There is an ongoing process of streamlining, with compabeen true, but it has not stopped the shares underperforming the Dutch nies like Unilever and Reckitt & Colman aiming to become brand leaders market by 21 per cent since the start of the year. And by making implausi-hly bullish noises about the second in specific product lines or sell out. More distribution and marketing allihalf's prospects, the company has cre-ated plenty of scope for further disap-pointment. There will come a time to ances - on the lines of Rémy Cointreau's link-up with Grand Metropolitan in Singapore - are also likely. Add in the odd hostile bid and corporate buy these shares, but it is difficult to believe this is it. activity promises to be lively.

Imperial Chemical Industries needs pre-tax profits of £900m to cover its cost of capital Judging by yesterday's weak second quarter results, it is unlikely to earn that in any of the next three years. Analysts forecast profits of £650m to £700m for this year and around £800m each for 1997 and 1998. Despite all the restructuring of the past five years, ICI has yet to demonstrate that it can earn a positive return over the chemicals cycle.

The recently leaked document on a The group's response, to accelerate its £400m efficiency programme, is only a partial remedy. It is heartening that ICI sees huge scope for further cost-cutting and has only just started tackling its bloated supply chain and inefficient factories. But ICI's rivals are taking similar measures, so a large part of the promised efficiency savings will be competed away. In the first half, savings of 270m evaporated in

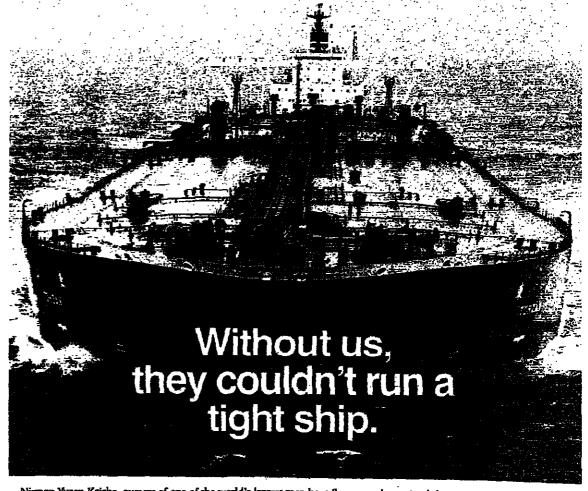
the face of more competitive.
The real solution is to reba portfolio, reducing exposure to bulk chemicals like ethylene : rine and expanding in down activities such as paints and a This is on the management's a but there has been little progre disposals since the floration of EV 1994, Instead, ICI, in common with rest of the industry, is pouring further investment into growth areas, thereby turning them into commodities. The prime example is polyester for clothes and plastic bottles, where massive capacity expansion has slaughtered prices and profits. At ICI's current levels of return, shareholders would be better off if it handed money back to

UK logistics

Combining Hays and Christian Salviesen into a near-63bn logistics ground would make a lot of sense. Hays has been the one bright star in a sector decimated by margin pressure increasingly powerful customers and rising competition. Its earnings per share have grown by nearly 20 per cent a year since 1991, while Salvesen's have hardly budged. Given the similarities in their business mix, it stands to reason that much of the difference is due to Hays' superior man-

But unlike Granada's bid for Forte and Rentokil's takeover of BET, management would be second to commercial logic in this deal. Cutting out duplication, centralising purchasing and closing one headquarters should save upwards of £20m very quickly. Beyond that, the enlarged group would be mumber one in European distribution and in a strong position to win cross-border contracts from multinationals. The acquisition would also broaden Hays' geographical coverage from Germany and France into Belgium and the Netherlands. Meanwhile, Salvesen's Aggreko rental business would fit neatly with Hays' Rentacrate operations — both serve similar indus-

Following yesterday's 21 per cent jump to 348p in Salvesen's share price, Havs may have to pay 400p to secure a recommendation, on which it is very keen. That would value Salvesen at £1.2bn against £1.7bn for Hays, Ideally, Hays would finance a purchase with a large chunk of debt - meaning earn-ings per share could be enhanced at such a price. But given the high rating of Hays shares and assuming rapid delivery of the initial cost savings, earnings should not be diluted even with an all-share deal.



Nippon Yusen Kaisha, owners of one of the world's largest merchant fleers, are determined that no oil will leak from their ships. That's why NYK's giant tanker "Tohzan" is equipped with Airguard a revolutionary anti-pollution propeller shaft sealing system supplied by Japan Marine Technologies, part of John Crane Marine International.

The patented Airguard® system creates a barrier of air which isolates the lubricating oil in the tanker's stem tubes from the sea water - oil can't leak out and sea water can't infiltrate and damage the bearings. With Airguard® now being fitted to twenty-three of their huge vessels, NYK is saying "Sayonara" to pollution problems,

John Crane is one of Ti Group's three specialised engineering businesses, the others being Bundy and Dowty. Each one is a technological and marker leader in its field. Together, their specialist skills enable II Group to get the critical answers right for its customers. Worldwide.



Hyundai to build South Korean steelworks gest customer, while increased

completed by 2004, instead of 2000, to avoid disrupting the

domestic steel market. Government officials are also concerned about the impact the Hyundai project will have on steelmaker. The Hyundai project would deprive Posco of its big-

competition could threaten Posco's record of strong profits. However, analysts yesterday

said that Hyundai's revised programme would have no significant impact on Posco's performance for the next eight years. Some analysts also questioned the wisdom of Hyundai building an expensive steel complex since

FT WEATHER GUIDE

Hyundai from proceeding with the project, Posco has embarked on a programme to expand its production capacity to 28m tonnes by 1998, which would

Europe today

Much of western Europe, including Belgium, the Netherlands and most of porthern France, will be sunny, Southern France will have a few storms and associated cloud will spread eastwards along the coast. A cluster of showers will develop in northern Spain and in parts of Portugal where a strong northerly wind will bring cool air inland, holding the

temperature below 25C in Lisbon, Italy will be warm and humid. Cooler air will move through the Balkans but Greece and Turkey will remail warm and dry with ample sunshine. In the Brush Isles a weak front will move into Wales and northern England producing drizzle in

Five-day forecast

Showers and thunder storms will be centred over southern France during the weekend. to the Alps, especially on Sunday. Rain will push into England as part of a frontal system coming in from the Atlantic. A humid air mass peratures of 30C to 35C heat will persist in Italy, and this sultry air will also move into the Balkans. Dry and mainly sunny conditions will return to central Europe during

TODAY'S TEMPERATURES

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FINANCIAL TIMES

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Friday July 26 1996



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Commerzbank lifts earnings by 48%

Commercial bank, reported a 48 per cent jump in first-half operating profits after risk provisions to DM1.32bm (\$887m). With no extraordinary items, the pre-tax profit figure was the same as the operating result and 60 per cent higher than the comparable pre-tax 1995 profit. The bank promised continued rapid growth this year, in spite of a difficult market.

Walt Disney, the US entertainment group, reported a 25 per cent rise to \$400m in net income for the third quarter, and gave the credit to its theme parks and "impressive" box office performances from its films The Rock and The Hunchback of Notre Dame.

Boeing rebounds to \$468m in second term Tax cradits and income from the settlement of contract disputes lifted second-quarter net income at Boeing to \$468m after a \$281m deficit in the comparable part of 1995, Page 20

San Miguel drops 28% in first half San Miguel, the Philippines' largest brewery group, blamed a 28 per cent the drop in its first-half net profits to 1.97hn pesos (\$75m) on stagnant rural sales and higher raw material prices. Page 20

CFF shares suspended smid rescue talks Shares in Crédit Foncier de France, the troubled property bank, were suspended amid growing spec-ulation that the state-controlled Caisse des Dépôts et des Consignations would launch a takeover bid to save it from collapse. Page 22

SAP meets expectations at DM374m SAP, the German business software group, posted 60.5 per cent rise in pre-tax profits to DM374m (\$251m) in the first six months and said it was on course for a sharp improvement for the full year.

Somerfield, the UK's fifth biggest supermarket chain, is expected this morning to confirm that it will cut its flotation offer price at the last minute from 160p to 145p a share. Page 23

Lloyds TSB to set date for decision on chief Lloyds TSB Group will today attempt to address uncertainty over who will succeed Sir Brian Pitman, its 64-year-old chief executive, by disclosing along with its interim results the date on which it intends to announce a decision. Mr Peter Ellwood, former chief executive of TSB Group which merged with Lloyds last year, is favourite. Page 23

Bangkok index sinks to 33-month low Bangkok's SET index slid 25.02, or 2.2 per cent, to a 83-month low of 1,118.95 as the Bank of Thalland revised down expected gross domestic product account deficit upwards and lifted its inflation forecast from 4.9 to 5.5 per cent. Page 36

Companies in this issue

	MOU	ىيم	NDQ.	
_	AIG	20	Lloyds	- 1
	Adrospatiale	2	Lonno	•
	Alcan Aluminium	20	MCDonnell Douglas	
	BAe	6	Matra	6, '
	BBA	23	NBC .	1
	Banco di Napoli	. 2	NLM	
	Bank of Nova Scotta	20	Nat'l Australia Bank	
	Boeing	20	New World	:
	British Asrospace	23, 1B	News Corp	:
	British Gas	3.6	Noranda	
	Britten Micland	6	Optical Care	
	CBS		Otis	
	CIBC	20	Philips	. 4,
	Calm Energy	23	Rolls-Royce	
	Cemelot		Ruhrgas	
:	Christian Salvesen		Semsung Aerospace	
	Conoco	3	San Miguel	:
-:	Continental	3	Signature Flight	:
	Deimler-Benz		Somerfield	
	Dessauft	2	Stat	
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Market Statistics

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Shares in IBM gained 10 per cent to \$100% after the world's

Sidestep

from Otis

unveils the

lateral lift

The lift that goes up, down – and

down in the same shaft, stepping

out of each other's way under computer control, in a lift ver-

sion of a multi-lane road net-

The capsules will also be able

dream of integrating vertical and

The system is "a major leap

forward" in lift design, accord-

ing to Mr Eugene Kohn, president of Kohn Pedersen Fox Asso-

clates, a New York architectural

building, the 460-metre Shanghai

other should helve the number

of lift hoists in tall buildings,

By cutting out this "dead"

space, which in some tall struc-

tures consumes up to a fifth of

the volume, developers should be able to get "millions of dollars"

more in rents for each building,

"Architects are now free to to

Jean-Pierre van Rooy, Otis presi-

Otis, part of the United Tech-

nologies industrial conglomer-

lateral "people movers".

World Pinancial Centre.

By Peter Marsh in London

Shares in world's largest computer group rise 10% as it shrugs off 'tough' second quarter buoyed by the optimistic com-ments of Mr Louis Gerstner,

IBM's chairman and chief executive.
Mr Gerstner said the second

quarter had been "a tough quarter as we expected". However he noted that the results were largely affected by short-term factors including the sharp drop in semiconductor memory prices and currency movements. "What really gives us a sense

of optimism are the many mani-festations in the second quarter that our long-term strategies are working," he said.

In particular Mr Gersmer drew boosted by nearly \$40m of new attention to the "excellent" contracts signed in the quarter. He added that the results from puter server hardware businesses and strong demand for its main-frame products.

Overall hardware sales dioped 1 per cent to \$8.6bn but personal computer sales increased in all market segments. "This was the second quarter in a row of solid performance by our PC com-pany," Mr Gerstner said.

He said TRM had continued to make significant progress in services and software. IBM's serthe group's recent Tivoli Systems sition had been "outstand-

cent to \$3.2hn boosted by a near doubling of second-quarter shipments of Lotus Notes, IBM's cooperative "groupware" product acquired nearly a year ago as part of the Lotus Develop acquisition. Since the acquisition the number of Notes "seats" has increased from 2.2m to 6.3m. Mr Gerstner was also

Operating profit (Cm)

"delighted" with the group's improved revenues from North America and Asia-Pacific, However, like Compaq which announced solid second-quarter figures on Wednesday, IBM noted that Europe remained stuggish.

In dollar terms, revenues from North America rose 11 per cent to \$7.8bn while those from Europe, the Middle East and Africa fell 2 per cent to \$6bn. Asia-Pacific revenues were flat at \$3.6bn, while revenues from Latin America grew 6 per cent to

Excluding currency effects, Asia-Pacific revenues grew 19 per cent, Latin American revenues rose 8 per cent while European revenues edged ahead by 2 per

Total: 1,990m

German print press group in bid move

Heidelberger Druckmaschinen, the world's leading maker of printing presses, yesterday said it would take over Linotype-Hell, the German maker of pre-press equipment which has seen its share price tumble recently fol

lowing a run of losses.

Heidelberger, which this week reported a 25 per cent rise in 1995 net profits to DM268m (\$179m), said the Linotype pur-chase meant it could now offer a full range of printing equipment from pre-press scanners through to some of the world's largest printing presses.

Linotype shares were suspended this week following speculation about changes in the company's ownership but are expected to begin trading again today in Frankfurt and Düsseldorf. Linotype's board has agreed to the Heidelberger take-

In an initial step, about 8,000 Linotype shareholders - who hold just under 50 per cent of the company - will be offered DM95 for their shares, a DM29 preminm over the price at which the shares were suspended on

Wednesday.
The offer is valid if, by the time it closes on September 13, at least half of the shares held by private investors has been bought up, said Commerzbank, which is managing the deal.
Heidelberger will also take

over a 50 per cent plus one share stake owned by Siemens, the electronics and engineering conglomerate, and Frega Vermö-gensverwaltung, an investment company in which Commerzbank holds a 40 per cent stake.

Neither Commerzbank nor Rei-delberger would last night com-ment on the cost of the Linotype purchase. However, Heidelberger is expected to spend about DM114m if it buys back all of the 1.2m shares held by Linotype's private investors.

Heidelberger said the Linotype purchase would give it access to important expertise needed to make the break into digital printing which is replacing the more traditional mechanical methods. However, it remained unclear how much of Linetype would survive as a result of the

Linotype employs about 3,250 worldwide including a large nanufacturing site in the northern German city of Kiel employ-ing about 1,500.

Optimistic IBM exceeds forecasts

International Business Machines vesterday became the third US high technology group this week after Microsoft and Compaq Computer to report better than expected results, raising hopes of an early recovery in technology

second-quarter net earnings of \$1.3bm, or \$2.51 a share, compared with \$1.7bm, or \$2.97, a year ago. Revenues rose 4 per cent to \$18.2bn and the gross profit margin slipped slightly to 39.5 per cent from 43.5 per cent. Analysts, who had expected around \$2.44 a share, were also

Ross Tieman on Dieter Bock's progress in unravelling Lonrho When breaking up is hard to do

bits. But in the case of Lourbo, the trading conglomerate assembled by Mr Tiny Rowland, even the simplest project takes longer than expected.

sideways - was unveiled yestar-day by Otis of the US, the world's largest lift company. It has designed a system that allows carriages to travel up and Nonetheless, Mr Dieter Bock, the hard-driving German prop-erty dealer who took charge at Lonrho after ousting Mr Rowland last year, is on course to float the company's Princess Metropole hotel operations for £650m-£750m. A prospectus is expected during the first week of September.

to travel sideways for long dis-tances, fulfilling the architect's The sale is the first of two main moves by Mr Bock to realise shareholder value from Lonrho's extraordinary collection of assets by the year end. It is to be followed - circumstances permitting - by the flotation of the trading interests, in the UK and Africa, leaving Lourbo as a minfirm designing the world's tallest ing company with a pile of cash.

Mr Bock's sense of urgency is The use of lateral movement-

a good price thanks to rising occupancy rates. He wants to get the deal done before a UK general election blights the market's appetite for new equity.

He also needs the receipts to

plug what advisers describe as a \$500m (\$780m) "hole" in Lonrho's balance sheet. A combination of heavy financing costs and divigiving them greater incentives to build skywards. dend payments to partner investors in many African subsidiaries proceed immediately with buildings in the 600- to 1,000-metre range and beyond," said Mr left Lourho with a net cash out-flow of £59m last year.

Receipts from the hotel sale are expected to repay Lonrho's borrowings, which reached 2578m in the first half, restoring the com-pany to a cash-positive posi-

ate, has annual revenues of about \$5hn and claims a quarter Lonrho shareholders are expected to get special purchase rights over shares in Princess Metropole of the annual worldwide lift According to Otis, the use of hotels, although it is not clear in what form.

lateral movement solves the Princess Metropole will own 15 main bugbear of lift designers conference and resort hotels in the UK, the Caribbean, Mexico, how to put more than one car in a shaft without delaying jour-California and Arizona, and hold a contract to manage Lourho's six African hotels and four lodges, which will be owned by the trading business.

The hotels will be run by Mr Martin Bolland. Mr Peter Harper, a Lourho non-executive director better the court of the City for the

The technology behind the system has been designed by Otis at a cost of several million dollars. The company is fitting out a test rig at its Connecticut headquar-ters which members of the pub-lic will be able to try out from next year.

The system is geared expressly to tall buildings due for construction in the mushrooming cities of east Asia early next cen-tury. It should be ready for com-mercialisation by about 1998. hotel sale, Lonrho's advisers, Deutsche Morgan Grenfell and HSBC James Capel, have to put a

hen you're unpicking a corporate empire, you it is not an easy task.

The list of principal group com-

panies covers four pages of the Lourho accounts. According to one adviser: "Tiny was a collec-tor. He bought things because they were cheap, but he never sold anything."
Mr Bock has already broken

that pattern, ending Lonrho's links with the Observer newspaper and the distribution of Volkswagen cars in Britain, among

The African activities of Lonrho, the continent's biggest UK investor, stretch from South Africa to Kenya in the east and Nigeria in the west. They range from agriculture, through food processing, to the distribution of farm equipment and cars, and

the assembly of buses.

The African business will also own Lonrho's curious portfolio of UK companies. Dutton-Forshaw and Jack Barclay, the motor spun off separately. Mr Bock has received approaches to buy them but has concluded better prices can be achieved later.

It is an entrepreneur's collection of businesses, and it will take an entrepreneur to realise their full value. Mr Bock has chosen himself for this role.

r Bock owns 18 per cent of Lonrho. He has given Anglo-American, the mining group that is South Africa's biggest company, the right to acquire his shares at 220p each. He, in turn, has the right to sell Anglo the shares for 180p. He now aims to realise his paper profits, repay 290m of personal borrowings and reinvest part of the proceeds to acquire a stake of 20-25 per cent in the trad-

Exercising this option would lift Anglo's Lonrho stake to sround 28 per cent. This serves a dual purpose. In the short term, it is likely to deter any opportu-nistic bidder from moving on Lourho before Mr Bock can convert the underlying value into a

higher share price.
Looking further ahead, it holds
the promise that Lonrho, once reduced to its core as a mediumsized mining company, may be able to prosper in the shadow of better known to the City for his work at the Hanson conglomer-

a protector.

The question that most intrigues investors is what will become of the cash from the Afri-

Return on capital employed (%)

According to Mr Martin Bomford, analyst at UBS, flotation of the African trading operations could, depending upon the state of the market, inject some £650m

of cash into a mining company already relieved of borrowings by the hotel float. This injection equates to around 75p a share. Small investors still own half of Lonrho's equity. Many of them would like this cash in their

share buy-back would be practibenefit investors is through a rise

a share. pockets. But Lonrho's advisers have apparently concluded that

cal because of the tax penalties they would incur.
In that case, the only way to

in the share price. At 163p, that is still languishing well below Mr Bomford's break-up value of 202p Mr Bock has already shown his

willingness to sell out at 220p. Getting a comparable price for the rest of his shareholders may prove his most difficult challenge neither a special dividend nor a

takeover.

Heidelberger refused to comment on how it would restruc-

Hays paves way for offer for Christian Salvesen

ate, will be chairman.

While Warburg handles the

By Geoff Dyer in London

Hays, the UK business services company, said yesterday it wanted to acquire rival Christian Salvesen in a deal which could be worth more than £1bn (\$1.5bn). The move could herald the first large step towards the consolidation of the European logistics industry - the warehousing and distribution of goods - which grew rapidly in the 1980s but has suffered from falling profits in recent years because of stiff com-

Mr Ronnie Frost, chairman of Hays, said a deal, which would catapult Hays into the FTSE-100 index of companies, would make it the biggest logistics company in Europe. "If anyons wants to put distribution business out to tender, we would be number one in the queue.

Hays said it hoped the Salvesen board would recommend any offer it made, although Mr Frost said he would consider making a The Salvesen family controls

Salvesen said its board would meet in the middle of next week to consider the Hays approach, which it received this week. Dr Chris Masters, the group's chief executive, is away on holiday.

The announcement, which was prompted by the intervention of

the Takeover Panel, the UK regu-lator, prompted shares in Salv-esen to rise 60p to 349p, giving it a market capitalisation of £101bn. Shares in Hays fell 28p to 414p, valuing it at £1.8bn.

Speculation that a takeover of Salvesen might prompt further bids in the sector led shares in Transport Development Group to rise 15p to 217p and shares in Tibbett & Britten to close 25p higher at 615p.
NFC, the largest logistics

group, saw its shares rise 4p to 1960 on hopes that consolidation would lead to an improvement in Logistics was one of the fastest growing sectors of the 1980s after

companies such as NFC, the for-

between 35 and 40 per cent of the shares.

Salvesen said its board would mer National Freight Corporation, pioneered the provision of third-party distribution and warehousing of goods. However, although the outsour-

cing of distribution has grown, many logistics companies have seen profits drop in recent years due to the entry of competitors and pressure on margins, Salvesen, which reported a

drop in pre-tax profits before exceptionals last year to £76.6m from £77.7m, has disappointed shareholders in recent years, underperforming the market by more than 50 per cent since 1992. As well as distribution, the group has a specialist plant hire husiness, Aggreko, and a small food processing division, which

Hays said it would sell. Hays has built up a reputation as one of the premium stocks in the support services sector. Pre-tax profits in the six months to December 31 rose 20 per cent to

Mr Frost said that any bid for Salvesen would involve a mixture of shares and cash.

Kmart Corporation

Kmart ČR, a.s. (Czech Republic)

Kmart SR, a.s. (Slovak Republic)

Tesco PLC

The undersigned acted as financial advisers to Kmart in this transaction

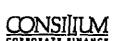


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Rothschild Inc.

New York



(A corporate finance joint venture between enská Obchodní Banka, a.s. and the Rochschild Group

Consilium, s.r.o.

net profits drop 28% at six months

By Edward Luce in Manila

San Miguel, the Philippines' largest brewery group, yester-day blamed the steep drop in net profits in the first six months on stagnant rural incomes and higher raw mate-

After stripping out nonrecurring gains, San Mignel's net earnings slid by 28 per cent to 1.970n pesos (\$75m) in the first half of 1996, while net revenues grew by 11 per cent to 41.9bn pesos.

The group's B shares closed down 1 per cent yesterday at 79 pesos. Analysts said that San Miguel's poor results had been heavily discounted in the

"What San Miguel is hoping for is a recovery in the agricul-tural sector, which will lower raw material prices and boost disposable incomes," said Mr Alex Pomento, chief researcher at ING Barings in Manila. "If that happens in the second half it could - on the best scenario - post flat profits for the year as a whole." San Miguel executives say

the group's overseas expansion - which includes establishing breweries in Indonesia. China, Vietnam and, at a later stage, India - is expected to bring in positive earnings by around 1998, when the company's 40bn peso overseas acquisition drive reaches maturity. The company is also hoping to boost rural consumption in the Philippines.
Analysts, however, say that

at 20 litres a head, the Philippines is already the second largest beer consumer in Asia. San Miguel's commanding 80 per cent share of the domestic beer market - down from 85 per cent in 1994 - can at best be maintained, but will probably be diluted further.

More positively, brokers pointed out that La Tondena, San Miguel's distillery subsidiary, saw a 15 per cent improvement in operating income to 488m pesos in the first half, while its mineral water division posted 43 per cent growth.

Net earnings at the group's pork, bottling and coconut subsidiaries all fell substantially, because of the downturn in the agricultural sector.

NEW ISSUE

Film successes help Disney post 25% rise

Walt Disney yesterday reported a 25 per cent increase to \$406m in net income for the third quarter, and gave the credit to its theme parks and "impressive" box office performances from The Rock and The Hunchback of Notre Dame.

Earnings per share were up 26 per cent at 59 cents, matching Wall Street expectations, and revenues rose 12 per cent to \$16bn on a like-for-like basis. Data were adjusted to allow for the merger with Capital Cities/ ABC, formally completed on February 9 this year.

Mr Michael Eisner, group

combined group, said he was pleased with the results and "the smoothness of the transition" so far.

However, as yesterday's statement noted, advertising revenues at the ABC network fell because of "continuing ratings deterioration". Despite the official upbeat remarks on summer film releases - most of which opened after the reporting period ended - signs of weakness in live action production persisted.
The group's Creative Con-

tent division, with operating income up 13 per cent at \$297m on revenues ahead 24 per cent chairman and chief executive, at \$2.3bn, had benefited from commenting on the first full successful home video at \$2.3bn, had benefited from

Capital Cities reported as a sumer products, which Mr Eiszer's time. retail chain. This was "partially offset by lower live action film performance in the domestic market".

Disney, which earlier this year wrote off some \$60m against scrapped live action film projects, is reorganising these operations and plans to halve output to about 20 films a year. The impact showed up in nine-month data which indicated a 7 per cent drop in Creative Content's operating earnings to \$1.2bn on revenues 17 per cent higher at \$7.80n.

Similarly, the difficulties at ABC, which is currently being squeezed by NBC's monopoly over Olympic games coverage,

are believed to occupy much of Despite ABC's troubles. broadcasting operating income rose 19 per cent to \$309m in the quarter, and 7 per cent to \$836m for nine months. Disney said the improvement was helped "significantly" by reduced programme amortisa-

tions and other costs related to

the ABC acquisition, and rising advertising and syndication revenues from the group's successful ESPN sports television

Operating earnings from theme parks were bolstered by record attendances and increased guest spending in California and Florida, and rose 14 per cent in the quarter



Michael Risner: pleased with the consolidated group results

US networks aim for customer loyalty

Television remains the best way to reach the mass public, writes Richard Waters

(Shortly before being taken

over by Disney, for instance,

ABC predicted that its fees to

affiliates would jump by a half, or \$50m, during 1995.) If more

of the profits are shifting from

the networks to the companies

that can assure their distribu-

tion, it may make sense to buy

There are other consider-

ations that may help explain Mr Murdoch's interest in New

World. One is its cash flow;

New World already churns out

\$200m a year in cash - not

inconsequential at a time of

international expansion for

News Corp, whose total operat-

ing cash flow amounted to only

\$333m in the first nine months

July, 1996

them outright.

aced only with the following facts, why would anyone pick this moment to invest in US broad-

cast television? The Big Three networks (ABC, CBS and NBC) lost 8 per cent of their combined primetime audience in the season that has just ended. On the average evening between last September and the end of May, about 2.5m fewer American homes tuned in than had the year before. Just 53 per cent of viewers at any one time are likely to be watching one of the three networks, compared according to Nielsen Media

Yet even with these sobering statistics, broadcast television assets remain among the most sought after in the US media

Last week, Mr Rupert Murdoch agreed to pay \$2.5bn for 80 per cent of New World, which owns 10 television stations that were already affiliated to his Fox television network.

There are certainly good defensive reasons to buy TV stations.

Two years ago, when Mr Murdoch took his first 20 per cent stake in New World and signed up its stations as Fox affiliates, he set off a scramble among networks to protect and develop their distribution systems. (In addition to the well-established Fox. two oth-

This announcement appears as a matter of record only.

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ers - WB and UPN - have set of their affiliated stations.

Television network dynamics

It is possible, of course, to secure a station's loyalty without buying it, through long-term affiliation. But ownership gives a network much greater control over a station's non-network programming, providing a stronger platform from which to launch new programmes, says Mr Gary Farber, an analyst at NatWest

out to build a national net-

That should leave Fox better positioned to grow. With New World, the stations owned by Fox will cover about 35 per cent of the nation's homes, in line with the new, higher limit established in this year's Telecommunications Act.

of its financial year. Such changes have meant Fox executives believe they networks must pay larger can double that by running the stations more efficiently. In an annual fees to keep the loyalty

industry where operating cash can top 50 per cent of revenues, observers say that should easily be within Fox's That is all very well; but if

television's traditional audiences are turning to cable channels or the Internet, why buy broadcast TV stations? The first answer is a matter of faith: that the networks.

after two years of lamentable. copycat programming in a desperate fight for the young audience that is attractive to advertisers, will make a better job of things in future. CBS, which was particularly scared by others' success in

drawing the youth audience, has seen its share of the prime time audience tumble from 23 per cent in the 1993-94 season to 16 per cent in the 1995-96 "They disenfranchised their

older audiences," says Mr Gene Jankowski, a managing director at Veronis, Suhler, a media consultancy company. But the networks have learnt their lesson. This autumn's new season. has enough variety of programming and newly enlisted bigname stars to bring much of the lost audience back, says Ms Betsy Frank, an executive vice-president at Zenith, the media-buying arm of Cordiant in the US.

The second argument is one of economics. In spite of the alarming audience drop, they were able to raise their rates to

By Christopher Parkes

Tax credits and income from the settlement of contract dis-

putes lifted second-quarter net

income at Boeing to \$468m after a \$231m deficit in the comparable part of 1995.

The extraordinary items,

worth 51 cents a share, raised

the US aerospace group's earn-ings per share to \$1.35, com-

pared with a 88 cent loss, which stemmed from charges for restructuring and early

Revenues of \$6.3bn were up 12.5 per cent on last year's \$5.6bn, reflecting improvements in demand, which the

company underscored yester-day with comments that order

aerospace concerns had come

in ahead of expectations as

both commercial and government demand for

aircraft, components and defence equipment continued

to improve.

Boeing, which is currently hiring workers for the first

time in five years, said yester-day it had orders at the end of

June for commercial aircraft

activity was "encouraging". Earlier results from other

Extraordinaries lift

Boeing to \$468m

advertisers by 5-10 per cent for the 1996-97 season, and have already sold 80 per cent of the time available, says Ms Frank. "Clients ask me all the time: how can the networks be losing share and still be asking for more?" she says. "[Their customers] can't put up their

prices 5 per cent every year."

he answer is that the big networks still remain the best way to get to a mass public. The net-works and their affiliates account for about 87 per cent of all advertising revenues in television, according to Veronis, Subler.

Of that, about \$11bn goes to the networks, while \$18bm is generated directly by broadcast stations. (Those numbers, and the slightly higher growth rate in station advertising as opposed to network advertising in recent years, may also help explain why a network such as Fox would be interested in

owning stations.) "Although the networks' share has dropped, they are still the biggest game in town." says Procter & Gamble, the US consumer products group. "They reach the largest audience: they are still providing what nobody else can."

Putting up prices while delivering a less valuable product hardly seems a good way to build long-term customer loyalty. At least for the foreses able future, however, it will do.

improvement over bookings

unchanged at 215, worth \$22bn,

compared with last year's ship-

ment value of \$19.5bn.
Production is being increased, although the intro-

duction of new engineering processes is believed to be

Monthly production rates are expected to rise to 26.5 aircraft by next summer compared with 22.5 now. Output of the

737 family, currently 10 a month, would increase to 17 a

month by the turn of the year.

Operating margins have also been depressed this year to 10.6 per cent compared with 12 per cent in the first half of 1995.

Boeing said its "leadership

team", set up to assess possibil-

ities, was discussing the poten-

tial of a new family of large-

capacity aircraft. It suggested that an alternative to a new-

generation airliner would be to expand the passenger capacity and extend the range of the

existing 747 family.

Scheduled R&D spending this year will total about \$1.2bn, compared with \$1.3bn

slowing progress.

reported at the end of 1995. Its forecasts of deliveries of new aircraft this year were

NEWS DIGEST

Dow Chemical upbeat on year

A 10 per cent fall in chemical prices pulled down Dow Chemical's operating profit 26 per cent in the second quarter, to \$396m. Sales were 6 per cent lower at \$5.2hn, while net earnings of \$2.20 per share were 11 per cent down, after excluding prior year charges. However, Dow said it was on course for a good year. The inventory correction in the world chemicals industry was over, and prices were recovering in many key products. Growth in the US was stable, the Japanese economy was reviving and there were the first signs of an upturn in Europe.

Sales of performance chemicals were flat at \$1.2bn, and profits were 8 per cent down at \$237m. While specialty chemicals were strong, agrochemicals were affected by poor climatic conditions in North America. Sales of plastics were down 12 per cent at \$966m, while profits were 52 per cent lower at \$223m. Strong volume growth was more than offset by Tony Jackson, New York

Tenneco ahead in second term

Tenneco, the US conglomerate which is shedding its energy and shipbuilding divisions and streamlining into a packaging and automotive equipment company, said second-quarter net income from continuing operations rose to \$161m, or \$3 cents a share, from \$129m, or 72 cents, in the previous second quarter. Second-quarter revenues were \$2.8bn, up from \$2.2bn, while operating earnings rose 15 per cent to \$363m.

Tenneco Packaging, which late last year acquired Mobil's plastics division, saw revenues rise 34 per cent to \$916m while operating income rose to \$150m, from \$120m. Operating results from Tenneco Automotive rose to \$104m from last year's \$78m. on revenues of \$780m, up from \$661m. Recent acquisitions contributed to Automotive's strong performance in Europe. For the first half, Tenneco had net income of \$651m, or \$1.83

a share, on \$5.5bn in sales, up from \$332m, or \$1.83, on revenues of \$4.4bn in the first six months of last year. The company carrying out a share repurchase programme, and has bought back \$750m worth of its own stock since 1994. Laurie Morse, Chicago

HK hotels group advances

Hongkong and Shangbai Hotels, the hotels and property company; yesterday reported a 37 per cent rise in net profits for the first six months of 1996, from HK\$277m a year ago to HK\$380m (US\$49.1m). Attributable profit of HK\$435m, which puts the group on course for meeting the consensus market forecast of HK\$\$24m for the year, was boosted by a HK\$55m gain from the sale of its stake in Cathay Pacific Catering

Operating profits were up 31 per cent, from HK\$402m to HK\$525m. Hotel business was the main driving force behind the growth, with both room rates and occupancies rising. The company's flagship luxury hotel, the Peninsula in Hong Kong, and its more modest sister, the Kowloon Hotel, both had a record half-year. The recently renovated and expande Peninsula achieved an average daily room rate of BK\$3,318 on

average occupancy levels of 69 per cent. Rates were also strong in the US, where the group has Peninsula hotels in New York and Beverly Hills. The group also reported firm performances on the property side. In Hong Kong the Peak Tower – one of the territory's landmarks – is scheduled to begin operations this year, offering a big shopping, eating and entertainment complex.

Earnings per share rose 37 per cent, from 25.7 cents to 35.2 cents, and the dividend is lifted from 8 cents to 15 cents. Louise Lucas, Hong Kong

Canadian banks plan IT pool

Canadian Imperial Bank of Commerce and Bank of Nova Scotia, Canada's second and fourth biggest financial institutions, plan to pool a large part of their information technology functions, including computer centres, bank statement processing and telecommunications networks. The move follows a similar, although less ambitious, alliance between three other domestic banks, Royal Bank of Canada. Bank of Montreal and Toronto-Dominion Bank

The partnerships are an attempt by the banks to realise economies of scale without resorting to full-scale mergers. which would be a delicate political issue. CIBC and Scotlabank, with combined assets of C\$335bn (US\$244bn) and about 70,000 employees, expect the alliance to cut about 15 per cent from joint operating expenses of C3650m a year.

The banks said the partnership would enable them to place higher priority on growing businesses, such as electronic banking, rather than cutting costs in declining areas, such as cheque processing. CIBC also announced the formation of a new company to provide processing services to financial Bernard Simon, Toronto

Alcan redefines Japan links
Alcan Aluminium is seeking a bigger role in the growing south-east Asia and China markets by restructuring its longstanding allows with Japan's Nippon Light Metal and Toyo Aluminium. Alcan will retain its 47.4 per cent stake in NLM, Japan's biggest integrated aluminium producer, and sell its 48.8 per cent interest in Toyo to NLM for US\$200m cash. Toyo is Japan's leading producer of foil and other products.

Alcan and NLM will then form a new company, 60 per cent-owned by Alcan and 40 per cent by NLM, which will become Alcan's vehicle for strategic investment in south-east Asia and China - excluding India where Alcan is already

Falling prices hit Noranda

Noranda, the Canadian resources group, blamed lower copper aluminium, woodpulp and paper prices for a halving in second-quarter earnings. Net earnings slid to C\$66m (US\$48c or 27 cents a share, in the three months to June 30, from C\$126m, or 55 cents, a year earlier. Revenues fell to C\$2.32bit from C\$2.55bn. Forest products suffered the biggest drop in operating earnings, sliding to C\$13m from C\$41m but oil and gas operations produced a modest profit of C\$9m, compared with a C\$6m loss.

Bernard Signary

AIG income rises 14%

American International Group reported a 14 per cent advar Afterican international Group reported a 14 per cent advant in net income in the second quarter, to \$724m, as revenues climbed 7 per cent to nearly \$70n. The US insurer, which derives a large part of its business from abroad, said the strengthening of the US dollar had wiped 5 percentage points of the US dollar had wiped 5 percentage points. from the reported revenue growth in its general insurance business during the quarter, and nearly 9 points from gro in life insurance. Operating profits from general insurance rose 8 per cent, to \$544m, as underwriting profits climbed, their per cent to \$112m and investment income grew 9 per cent shaft \$414m. Investment gains were \$17m, compared with \$23m year before. Earnings per share for the period rose 14 per to \$1.53. Richard Waters, Nexom the

■ KDD, Japan's leading international telecommunicat and to carrier, has taken a 9.5 per cent stake in Pacific Gatew-Exchange, a fast growing US carrier, for Y22hn (59m). investment represents the largest stake by a Japanese in a foreign telecommunications operator, KDD said. move gives KDD a footbold in the fast-changing US telecommunications market. Pacific Gateway Exchar US long-distance and international carrier based in Burlingame, California, with which KDD has had by Michiyo Nakari

Grupo Televisa, the Mexican media group, said f costs and extraordinary expenses related to redund responsible for its second-quarter net loss of 232.39 (\$30.5m) compared with a net profit of 432.45m pess year ago period. Revenues were 2.34bn pesos compatible 10H, England 2.38bn pesos a year earlier, while operating profit 70.07m pesos from 13.5m pesos.

NAB grows 3.8% to A\$1.5bn mid-term weight to the view that Austra-

By Nikki Tait in Sydney

National Australia Bank, the biggest of the country's com-mercial banks, yesterday announced an after-tax profit of A\$1.5bn (US\$1.2bn) for the nine months to end-June, a 3.8 per cent increase on the A\$1.45bn made in the same period of the previous year.

In the June quarter alone, NAB saw a post-tax profit of A\$505m, compared with A\$493m previously. However, earnings per share for both the quarter and the nine months were slightly down on the previous year - at 34.7 cents against 35.2 cents, and 104.1 cents against 104.3 cents,

respectively. Net interest income rose 12 per cent to A\$3.78bn in the nine months. But there was a big increase in had and doubt-ful debt provisions, lending against A\$358m a year ago.

lian banks have seen the best of the cycle. The charge in the third quarter was A\$102m, up from A\$35m in the June 1995 quarter, and for the nine months, A\$264m against However, underlying profit -

before tax and provisions for doubtful debts - grew 11.3 per cent to A\$2.55bn in the nine months. The cost-to-income ratio dipping to 54.6 per cent in the June quarter, against 56.2 per cent in the previous three months and 55.9 per cent in the June 1995 guarter. The bank said that its core

Australian operations bad faced difficult conditions, with margins under pressure. For the nine months, Australian profits after tax were flat at A\$1.02bn, and slightly lower at

صكذامن الأصل

SBC Warburg

Robert Fleming & Co. Limited

Asahi Finance (U.K.) Ltd.

Credit Lyonnais Securities

New Japan Securities Europe Limited

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FINANCIAL TIMES FRIDAY JULY 26 1996

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116 hotels group advances



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Mazda is the first, and so far the only, Japanese automotive manufacturer to be authorized for the ISO 9001 certificate.*2 Those numbers represent the highest attainable rank within the internationally approved quality assurance system created to improve customer satisfaction.

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Commerzbank grows 48% to DM1.32bn

Commerzbank, Germany's third biggest commercial bank, yesterday reported a sharp jump in profits in the first six months and promised continued rapid growth this year, in spite of a difficult banking

Operating profits after risk provisions increased by 48 per cent to DM1.22bn (\$887m). With no extraordinary items, the pre-tax profit figure was the same as the operating result and 60 per cent higher than the comparable pre-tax 1995 profit, which was struck after DM68m of non-recurring expenses.

Mr Martin Kohlhaussen, chairman, said profits should grow by up to 50 per cent this year. This would add "another DM800m, I would say, to the operating profit of DM1.3bn which we achieved in the the first half." he said in an inter-



Martin Kohlhaussen: expects profits to grow 50 per cent

total DM2.12bn, against a figure of DM1.45bn last year. Referring to speculation about takeovers of German banks, he said: "I don't think any foreign hank would be happy to take over a major

German bank." With a market capitalisation of some DM14bn. he said the price for Commerzbank would be "extraordinarily high"

Analysts said much of Commerzbank's steep profits rise was the result of improved capital markets and higher lending at a time of economic "There is some froth in these

results," said Mr Chris Williams, an analyst at Fox-Pitt, Kelton, the UK stockbroking firm. Mr Stenhen Lewis, of UBS in London, said: "While the results look good, you have to question some of the risks." The bank said its performance benefited from lively

mortgage business, as well as brisk stock exchange activity and a strong advance in ownaccount financial trading. Lending was up 10 per cent, with considerable new business in the US and south-east Asia. Cost growth was held

Commerzbank said banking conditions remained difficult. It is keeping loan-loss provistons high because of "the una-bating rise in German bankruptcies". It is providing

risks, half of that in the first six months. Offsetting this was a DM257m gain on revaluing its securities portfolio held for liquidity purposes, leaving net provisions of DM343m, up 7.5 per cent Commission income rose 27

per cent to DM1.16bn, helped by increased mortgage business and underwriting revenues. Fees from securities transactions rose by 49 per cent. Financial trading profits grew 45 per cent to DM358m. Mr Williams of Fox-Pitt said the sharp rise in fee earnings and the profit on the bank's portfolio revaluation "reflects the very positive trend in financial markets which will

probably not be repeated." Interest income was 10 per cent higher at DM2.87m. Costs were held at the level of the second quarter of 1995, but at DM2.8bn were 8 per cent up on

from scratch. A second production line for the phones is starting in Singapore. Handset

prices are coming down

sharply, though, and its cur-

rent market share is little more

than 1 per cent. "How many

years until they restructure

The latest shake-out comes ahead of an October change at

the top of Philips, when Mr Jan

Timmer steps down after six years as chairman in favour of

Mr Cor Boonstra, a vice-presi-

dent. The troubles at

Sound & Vision were deemed

too severe to await the hand-

over, but the fight back to the

black, intended to take 18

months, is thought likely to

benefit from Mr Boonstra's

strength in consumer product

has expanded its global reach,

and earnings from Asia and

Latin America – which

brought in 65 per cent of

interim operating income for

the group as a whole - helped

offset what Mr Eustace called "absolutely awful" trading con-

ditions for Sound & Vision in

Under Mr Timmer, Philips

marketing.

again?" asks Mr Van Beek.

CFF shares suspended amid rescue bid talks

By Andrew Jack in Paris

Shares in Crédit Foncier de France, the troubled property bank, were suspended yesterday amid growing speculation that the state-controlled Caisse des Dépôts et des Consignations would launch a takeover bid to save it from collapse. Government officials are believed to have held talks with executives at the Caisse on Wednesday ahead of a meeting of the institution's own governing board later in

the day. The details emerged as sources close to Crédit Foncier de France continued to stress that negotiations were continuing between the bank and a private-sector institution which was considering buying or helping to support the group.

Meanwhile, several hundred

of the bank's staff protested outside the Elysée Palace, the French president's official residence, and were received by an adviser to President Jacques Chirac.

The government is keen to resolve the bank's problems before July 31, the date it mentioned earlier this year when the bank published record losses of FFr10.8bn (\$2.14m) and acknowledged the need for a restructuring after taking provisions of FFr13.6bu.

Mr Jean Arthuis, minister of economics and finance, has pledged that the state would guarantee Crédit Foncier's FFr270bn in outstanding bonds, which make it the second-largest borrower on the capital markets after the government itself.

Shareholders and employees have been critical of the state's role in the management of the bank. The state does not own any of its shares but sits on its governing board and appoints its chairman, or governor", and deputy.

The bank's future is extremely sensitive because of the large number of employees and shareholders, as well as creditors to its low-income housing loans. In January the Caisse des Dépôts provided an emergency line of credit of

NEWS DIGEST Incentive disposal completes revamp

Incentive, the Wallenberg industrial company, yesterday completed the last hig step in a radical strategic overhaul by divesting Skandinavisk Elverk, its highly profitable power supplier, to a rival generator for SKr4.2bn (\$838.2m). The sale to Gullspangs Kraft, a regional power company – creates
 Sweden's third-largest energy group, and is the latest stage in a rapid realignment of the Nordic power industry since deregulation in January.

Mr Mikael Lilius, Incentive chief executive, said "all the major steps" of the company's restructuring had been achieved. Incentive would now concentrate on building market share in three core areas: medical technology, environment control, and materials handling. He said the Skandinavisk Elverk sale had reduced net debt by SKr5.9hn. The acquisition of Gambro, a Swedish medical technology company, earlier this year had lowered Incentive's equity-to-assets ratio from 52 per cent to 35 per cent. Incentive confirmed it would be seeking acquisitions in its key areas. but had no immediate plans to dispose of its residual non-core holding in a military tractor company. Its shares rose SKr5 to

Skandinavisk Elverk last year posted operating profits of SKr609m on sales of SKr1.9bn. The two companies will have a combined turnover of SKr5.5bn. Analysts said the deal would help consolidate Gullspangs' drive to become a leading Nordic power provider. Mr Olof Wikstro, Gullspangs chief executive. indicated the company was looking at expansion into Norway Greg McIvor, Stockholm

Prices decline hits Solvay

A fall in plastics prices and demand has been blamed for a 28 per cent decline in first-half net earnings at Solvay, the Belgian chemicals group, from BFr6.3bn to BFr6bn (\$195.4m). The company said it was expecting an improvement in the second half, but was still forecasting full-year results "at the same level" as 1935's BFr12.5bn. Group turnover in the first six months of 1996 was broadly flat, at BFr142.2bn.

Solvay said the second-half performance would depend on the strength of any upturn in Europe, which accounts for two-thirds of sales. It said the plastics business had performed well in the first half of 1995, but had sharply declined in the second half, and shown only a gradual improvement in 1996. Improvement was, however, more marked in high-density polyethylene and polypropylene, because of strong world demand and rising prices. An improvement in PVC demand in Europe had also allowed a small price increase. In the alkalis sector, the latest performance was better than either half of 1995. Utilisation rates in its European soda ash plants were high, and prices had risen slightly in 1996 after four years of

Agip buys Sun Company fields

Agip, the oil exploration and production subsidiary of Eni, the Italian energy group, has bought the North Sea oil operations of Sun Company, the US-based company, for about \$260m. The acquisition will boost Agip's North Sea oil and gas production by nearly a third from the 108,000 barrels a day recorded in 1995. The deal includes Sun's interests in several fields.

Mr Guglielmo Moscato, chairman of Eni and Agip, said the deal would help the company boost total output to 1.2m b/d by early in the next decade. Sun said the sale was in line with its strategy to refocus on the US. Robert Corzine, London

Banco Bilbao Vizcaya, the Spanish banking group, is in talks with Latinvest to acquire the investment banking group. which specialises in South America.

"The integration of Fisons is exceptionals, he said.

Philips unit slims to Japanese proportions

The audio-visual business wants fewer suppliers and more dedicated sub-contractors

Philips, like many other tural realignment of the Philips Sound & Vision business. become more Japanese in its methods. But the operational structure it is seeking to adopt is potentially more radical than the just in time delivery or quality circles used by other western manufacturers to motivate employees.

The Dutch electronics company said yesterday that shedding 6.000 jobs on its consumer audio-visual side would lead to much greater reliance on outside suppliers. The aim is to build a cluster of dedicated sub-contractors.

These would replace the

numerous outside components companies which each supply a small amount of their overall production to Philips - and their role would become much

"Our intention is to work with significantly fewer suppliers," Mr Dudley Eustace, chief financial officer, said. "It is almost like bringing the supplier in-house - like Japanese companies, which have satellites gathered around them. It is that model we are seeking to

The shift would form part of what is being billed as a struc-

SAMAPA and SEMAPA.

firm name and address to:

July 29, 1996.

The plan, which the group has entitled "Changing the rules of the game", has at its core the outsourcing of capitalintensive parts of the manufac-

turing process to specialist

In addition, distribution, sales and marketing will be conducted at a regional level rather than within each of Philips' national organisations. The role of these subsidiaries will be increasingly to provide services to product divisions operating or selling there.

New products are to be originated with worldwide production in mind, and based on global software architecture. The intention is to reduce costs and the time taken to bring a development to the market.

For example, at the lowertechnology end, the company is expected to reduce the number of television chassis on which it builds its models from 25 to just six. Variants would then be developed on a smaller range of frames - echoing the trend of the world automotive industry.

"This sounds very much like an assembly operation rather

REPUBLICA DE BOLIVIA MINISTRY OF CAPITALIZATION

Private participation in the water

and sewerage sector

in the cities of La Paz and Cochabamba

The Ministry of Capitalization of the Republic of Bolivia requests experienced firms

in the water industry, to participate in a competitive bidding process to select private

operators for the water companies of La Paz and Cochabamba, respectively named

The Ministry of Capitalization will issue a Terms of Reference Document by

beginning of September 1996 and will require proposals by mid November 1996.

Each firm or consortium having interest in the process will be required to

demonstrate capabilities and experience in operating and managing water companies

with regards to production, treatment and distribution of potable water and treatment

An Information Memorandum on SAMAPA and SEMAPA will be available starting

A Road Show to further describe the process will be conducted between July 29 and

A Data Room on each company will be open in La Paz and Cochabamba, Bolivia,

Should any firm be interested in receiving the Information Memorandum

and assisting the Road Show, please write or fax your name, telephone/fax number,

The process is expected to be completed by mid December 1996.

August 6, 1996 in Los Angeles, New York, London and Paris,

for interested parties starting August 12, 1996.

Edgar R. Saravia

Secretaria Nacional de Capitalizacion

Ministério de Capitalización

Republica de Bolivia

La Paz, Bolivia

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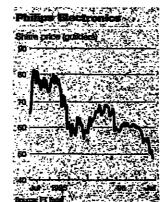
E-Mail capuypfb@wara.bolnet.bol

than an integrated production line," says Mr Joost van Beek analyst at HSBC James Capel in Amsterdam.

Mr Eustace stressed yesterday that Philips had "no inten-tion of abandoning the televi-sion and audio business". In October it would unveil an interactive television set for the US market, providing access to the Internet. The product is being developed in conjunction with WebTV, a Silicon Valley start-up venture whose investors include Mr Paul Allen, co-founder of Microsoft.

¬ he shift to external sourcing strikes at the very nature of Philips, which has long been among the most vertically integrated producers in the industry. In some ways, it also sits oddly with the way the group has entered its latest consumer

market: mobile telephones. Philips acknowledged yesterday that launch costs for the venture were another main factor - along with downward pressure on prices for equipment such as video recorders that had pushed the consumer products division into the red.



The group is seeking to compete with Motorola of the US, Sweden's Ericsson and Nokia of Finland, the three established leaders in the mobile phones sector.

Mr Eustace said: "We are late - we are two years late but as a company we have more pieces in place. We have all the ingredients to make a success of it. Recognising that within the company we did not have the management capability, we went outside and

So the group remains confi-

11.76 9.00 9.00 9.00 10.04 10.

Gordon Cramb more than FF120m.

RPR rises to \$165.9m on flat turnover

By Daniel Green

Rhône-Poulenc Rorer, the US drugs company 68 per cent-French chemicals group, revealed a sharp rise in firsthalf profits on barely-changed turnover yesterday. Net profits for the six months rose to \$165.9m from \$123.1m while turnover advanced to \$2.62bn

from \$2.5hn. The share price rose \$2 to \$65% in early trading in New

York. The company's new figures were compared with 1995 fig-ures adjusted to include Fisons, the UK drugs company, and Applied Immune Sciences,

the biotechnology company, which it bought last year. RPR announced two asset owned by Rhone-Poulenc, the and Spain. The UK disposal is financial officer.
French chemicals group, the £34m sale of APS/Berk, a He said further maker of unbranded drugs, to Teva of Israel. A Fisons plant

in Spain was sold to a private

This brings the value of asset disposals by RPR since its £1.8bn takeover of Fisons to

more than \$750m. In March, the company received \$326m for Fisons' Scientific Instru-ments division and in early July \$400m for a Fisons manufacturing site and the licensing of several products to UK com-

going well but there are still some efforts to make," said Mr sales worth \$55m in the UK Patrick Langlois, RPR's chief. Mr Langlois suggested that He said further asset sales

would include products outside-RPR's specialist areas or which Generic drugs have margins

of 5-6 per cent and we can get higher margins in more speci-alised drugs," he said RPR's debt had been reduced to \$2.43bn following recent asset sales, he added, against

\$2.85bn at the end of June and \$3bn last year. The company's target for the full year remained 10 per cent growth in

earnings per share before

By launching new products and improving productivity. profits could grow faster in 1997 and 1998. The 1996 first half improvement was flattered by a lower preferred dividend pay-out of \$21.3m, compared with \$28.5m in the second

quarter of 1995. It includes pre-tax income of \$24.1m. or \$0.10 a share, from gains on asset sales, and income from affiliates, such as the Centeon blood products joint venture with Hoechst of Germany, of \$77.7m in the 1996 six months and \$82.4m proforma for the same period of

SAP meets expectations at DM374m

By Sarah Althaus in Frankfurt

SAP, the German business software group, yesterday posted a 60.5 per cent rise in pre-tax profits to DM374m (US\$251m) in the first six months, and said it was on course for a sharp improve-

ment for the full year. The results were in line with expectations and had little impact on the share price, which closed DM0.60 lower at DM209.3. However, analysts said the figures would help reassure investors that SAP. the world leader in software for standard business applications, was still capable of producing the strong growth rates

of recent years. The share price fluctuated earlier this year after Forrester Research, a US consultancy,

uct, the popular R/8 client-server software, could become obsolete by the end of the

All sectors contributed to the group's profits increase. Pre-tax profits for the whole year were expected to increase 45 per cent from DM674m in 1995, Mr Dietmar Hopp, chairman,

Strong demand for R/3 software, particularly in the main markets of North America, Japan and Germany, bolstered growth. Orders from large customers had also helped. Mr Hopp said, announcing that SAP had added Coca-Cola of the US to the list of its clients

He declined to provide details about the agreement with the US group, but said it had "enormous potential and cent to DM539m in the half was without doubt one of our Orders had been hit by the For-

Share price relative to the Designation

most interesting contracts". Group sales increased 38 per cent from DM1.15bn to OMI.59bn, with North American revenue climbing 47 per cent to DM539m in the half.

rester report, with which SAP disagreed. But the group said it had seen very strong demand for the software in the past few weeks and had signed up more than 500 new customers since the beginning of the year. For the full-year, overall sales were expected to climb 41 per cent from last year's DM2.69bn.

About 70 per cent of first-half turnover came from sales of new products, down from 72 per cent last time. The percentage of business done outside Germany rose from 67 per cent to 73 per cent.

"The group is still achieving a strong percentage of its sales in the high-margin sector." said Mr Michael Wand, analyst at Parlbas Capital Markets in Frankfurt. "I'm happy with the group's forecasts for full-year results and believe they may even be conservative

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+, rue d'Antin

75002 Paris

France

Tel. 33 1 42 98 61 44

Fax 33 1 42 98 11 94

N.V. De Indonesische Overzeese Bank US\$125,000,000 Floating Rate Notes 1997

> 6.33125% per annum for the period 26 July 1996 to 28 October 1996. Interest payable 28 October 1996 will amount to US\$1,653.16 per

The notes will bear interest at

Agent: Morgan Guaranty Trust Company **JPMorgan**

Argentaria fall may delay sell-off plans

By Tom Burns

Argentaria, the partially privatised Spanish banking group, saw first-half consoli-dated earnings fall sharply. The results, which were worse than market forecasts, are likely to put on hold any further placement of the state's remaining 25 per cent stake.

Attributable profits fell 10.7 per cent to Pta37.2bn (\$295m). Net income was down 4.3 per cent, to Pta97.3bn, on the first half of last year.

The figures were the first to be published since Mr Fran- banking analyst at FG, the

cisco González was appointed by Spain's new centre-right vernment in May to succeed Mr Francisco Luzón as chair-

Profitability had been under pressure at Argentaria for three financial years. The sur-prisingly heavy fall in 1996 first-half earnings seems to indicate the group has been been relying excessively on non-recurring income, and especially on the recovery of assets and bad loans that had been written off, to lift its bottom line

However, Mr José Sevila,

Madrid securities house acquired by Merrill Lynch, the US investment bank, in February, said the latest results gave "a more realistic picture" of Argentaria's balance sheet. He said they suggested the group had adopted a more prudent policy in the presentation of its

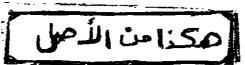
Mr González, who was FG's chairman and chief shareholder at the time of the Merrill Lynch takeover, said Argentaria would continue to concentrate on mid- and long-term growth.

Argentaria shares closed at Pta4,945, down 2 per cent.

In contrast, first-half figures at Banco Central Hispano showed the banking group was on the road to recovery, because of a tough restructuring programme.

BCH said attributable net profits rose 13.3 per cent, to Pta20.4bn, from the first six months of 1995.

The increase came in spite of heavily reduced earnings from disposals. The improved quality of its balance sheet was underlined by a 5.4 per cent rise, to Pta140.3bn. in net interest income and increased income from commissions and trading operations.



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FINANCIAL TIMES FRIDAY JULY 26 1996

COMPANIES AND FINANCE: UK

Somerfield faces second float price cut

By David Blackwell .

Price

controls

Higher redundancy charges,

coupled with price controls,

resulted in flat first-quarter pre-tax profits of £869m

(\$1.36bn) at British Telecom-

munications, against £874m a year earlier.

Sir Iam Vallance, chairman,

said: "In the UK, the tough

price control on our regulated

services continues to have an adverse impact on our results,

although BT's operating profit

for the quarter was broadly maintained."

BT is considering its response to the regulator's proposals for controls on its

prices and ways of policing its activities to 2001. The group,

which would prefer new legis-

lation covering competition in

the industry, is currently hold-

ing urgent talks with the gov-

ernment and is due to respond

RESULTS

Druck § _

· curb BT

By Paul Taylor

Somerfield, the UK's fifth act," said one institution. biggest supermarket, is expec-ted this morning to confirm been lukewarm about the offer that it will cut its flotation from the start, and have grown offer price at the last minute from 160p to 145p a share.

The board started meetings yesterday evening that were expected to run into the early hours. Cutting the price for the second time in a week would bring the float back from the

brink of disaster.
"It is a desperate last-minute

issue market

cooler in the worsening new

Somerfield's difficult position as a second line food retailer was exacerbated by a profit warning last week from Iceland, the frozen food

Cairn Rnergy, the independent

oil exploration and production company, is raising £50.3m

(\$78.5m) through a rights issue

to strengthen its finances and help fund the development of

its Sangu field offshore of Ban-

The announcement of the

1-for-5 cash call at 280p a share

prompted a sharp rise in Cairn's shares, from 281p to

318p, which analysts put down partly to the unusual fact that

the issue was fully sub-under-

written by Mercury Asset Management on behalf of its cli-

The arrangement, under which MAM has agreed to buy

any shares not sold by under-

writers Morgan Grenfell, was a

vote of confidence in Cairn, said analysts. MAM, which with its clients already owns

11.3 per cent of Cairn, has

acted as a sole sub-underwriter

on only a handful of previous

The fund management group

profit (Em)

0.934 (0.819) 1.07 (0.938) 0.031 (0.099) 0.228 (0.172) 3.56 (-) 0.386 (0.426)

11.5

(-) (0.426) (10.4) (12.8)

giadesh

occasions.

to the proposals by August 2. | said: "We were happy to under-

REDEMPTION NOTICE

YCM Investments N.V.

U.S. \$70,000,000

Guaranteed Secured Floating Rate Notes Due 2001 Issued April 12, 1990

NOTICE IS HEREBY GIVEN that pursuant to Sections 9.02 and 9.05 of the indenture, all of the YCM investments N.V. Outranteed Secured Floating Rate Notes (the "Senior Notes") issued and outstanding are to be called for redemption on September 20, 1996 (the "Mandatory Redemption Date"). The Senior Notes studie be redeemed at an amount (the "Mandatory Redemption Price") equal to the outstanding principal amount of Such Senior Notes together with accrued and unpaid interest thereon at 5.75% through September 19, 1996. All of the Senior Notes are to be paid in full, and interest on such Senior Notes shall cease to accrue on the Mandatory Redemption Date.

Payment shall be made on or after September 20, 1996 upon delivery to the Paying Agent of the Senior Notes together with all temmetared coupons. Please insure safe delivery by appropriate means to one of the following Paying Agents outside the United States:

Banque Générale du Lintenzbourg S.A.

50, Avenne J.F. Kennedy

3 Montagne the Parc B-1000 Brunchless, Belgium

1000 Brunchless, Belgium

Banque Générale du Laxembourg (Suisse) S.A. 57 Rennweg Ch-8023 Zurich, Switzerland

IMPORTANT

INVESCO TAIWAN GROWTH FUND SICAY

société d'investissement à capital variable

14, rue Aldringen, L-2951 Luxembourg

RC Luxembourg B 38 250

Notice is hereby given that, as from 29th July 1996, INVESCO Taiwan Growth Fund SICAV will deal daily (instead of weekly) for the purpose of the calculation of its Net Asset Value per Share

Shares may be purchased or redeemed up to 11.00 a.m. (London time) on any Dealing Day on application to the Pend at its Registered Office in Luxembourg or to INVESCO International

and for the issue and redemption of its Shares.

Limited (the General Portfolio Manager) in Jersey.

ior Notes are not paid on the Mandatory Re

By: Texas Commerce Bank Natio

as Trustee on Behalf of YCM Investments N.V.

Dated: July 26, 1996

The new price is understood to be the lowest which the banks that are effectively Somerfield's vendors would accept. It reduces the market value of the group from £480m (\$748.8m) at 160p to £435m. This represents a prospective multiple of 5.5 - a 60 per cent discount to the market - and a

yield of more than 9 per cent or a 94 per cent premium to the

The proceeds would clear

write the issue because we felt the shares were an attractive

Analysts said the shares had also risen on news that Calm

had persuaded Halliburton, a

US energy services company,

to take on 50 per cent of the

development costs of Sangu in

return for a 25 per cent interest

Mr Richard Savage, an ana-

lyst at Kleinwort Benson, said

of Halliburton: "If they're will-

ing to put their money into it.

they must believe it's commer-

cially viable."
He said Halliburton's role

would be crucial because it

would not only help cut costs

of the development, but also improve Cairn's hopes of ulti-

mately selling gas from the

field to India because of the US

company's close links with

Indian gas authorities.
The field is potentially one of

the largest ever discovered,

and the two blocks owned by

Cairn cover an area equiv

alent to about 75 North Sea

The company plans to begin

(7.9402) (0.33) (1.37) (-) (1.42)

1.29

13.5 4.08

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. Valter exceptional credit. †On increased capital. "Equivalent after allowing for scrip issue. \$USM stock. \$40 December 31. *Comparatives restated. *(Third interior.

Aug 20 Oct 1

investment at that price."

in the field.

Cairn raises £50m to develop field

PROFILE

Somerfield's debt of £192m, and leave £208m to be passed through the ring fence around further debt at Isosceles, Isosceles bought the supermarket

chain when it was known as

Gateway in a disastrous £2.1bn

leveraged buy-out. Isosceles debt holders -mostly the same banks that hold Somerfield's debt - are understood to be disappointed. if not angered, by the price cut.

At 145p, they will get under

CAIRN ENERGY

Pre-tax profit (527.8m) 50.8m 52.3m (55.9m)

Oil Exploration and Production index Million barrels of oil equivel

£19.1m £27.9m £36.3m £41.5m

Earnings per share (111.7p) 3.0p 3.5p

SHARE PRICE Relative to the FT-SE-A

supplying gas to the Bangla-

Bangladesh market for gas, Mr

Given the modest size of the

desh market in 1998.

S0p in the £1. Rumours surfaced that the

being asked to take some of the stock - effectively swapping debt for equity. But Natwest Securities yesterday was emphatic that no orders had been solicited from debt traders or bond holders or received from these types of institutions, adding that the institutional shareholder list would

Isosceles debt holders were

be "pretty much blue chip."

£69.6m

QROUP PRODUCTION

Savage said it was vital for the

Defence Correspondent

Daimler-Benz yesterday denied

reports that it was in detailed

discussions with British Aero-

space about merging the two

companies' military aircraft

businesses. BAe also said that

there were no proposals on the

ole to merge the two como

Both companies said that Str

Richard Evans, BAe's chief executive, and Mr Jürgen

Schrempp, chairman of Daimler-Benz, had had outline

discussions for many months

about the future shape of the

European aerospace industry:

nies' aircraft operations.

Care chief has 'no excuse'

Optical

By Clay Harris

Mr Rupert Galliers-Pratt. censured by the London Stock Exchange for failing to dis-close his directorships of 17 failed companies, yesterday took full responsibility for the omission and said he had 'absolutely no excuse".

The exchange's censure related to the admission docu-ment for Optical Care (Bermuda) when it began trading on Aim in February.

Mr Galliers-Pratt is chairman of Outical Care, which plans to sell low-cost eyeglasses in eastern Europe. Its first shop is due to open in Warsaw in September.

The censure could have been avoided if Mr Galliers-Pratt or his advisers had spent £2.50 and a minute or two to jog his memory, by getting a full listing of his current and former directorships from the Companies House online service. The case highlights the fact

that the Stock Exchange does not undertake its own due diligence on Aim companies, as it would for a company seeking a full listing. It relies instead on ers: stockbroker Gerrard Vivian Gray in the case of Optical Care.

Mr Stephen Cooke, chief executive of Gerrard Vivian Gray, said yesterday: "As nominated advisers, we rely long-term profitability of nominated advisers, we rely Sangu that access could be on the integrity of directors to

but that nothing specific had

been proposed.

They added that the talks

were part of a wide discussion

between European aerospace

executives about the industry

which needs to be restruc-

BAe also suggested the idea

that BAe and Daimler-Benz

ige ruen min

craft businesses in isolation

They said that any rational-isation would have to involve

the French companies Aérospa-

tiale and Dassault, and the

future of Airbus would also be

critical in determining the future shape of the industry.

was fundamentally mistaken.

naming chief By John Gapper, Banking Editor Lloyds TSB Group will today

set date for

Lloyds TSB to

attempt to address uncertainty over who will succeed Sir Brian Pitman, its 64-year-old chief executive, by disclosing along with its interim results the date by which it will announce a decision. Expectations have risen

within Lloyds TSB that Sir Brian is to take over from Sir Robin lbbs as non-executive chairman by next year. The merged bank's two deputy chief executives are thought to be in contention to succeed

Mr Peter Ellwood, the former chief executive of TSB Group. which merged with Lloyds last year, is the favourite. However, some former Lloyds directors are thought instead to favour Mr Alan Moore, the other deputy chief executive. Large investors in Lloyds

TSB Group said yesterday that they favoured Sir Brian retaining a role in management because of his record of He has always worked in our

holder. One analyst said Sir Brian

possessed a "halo effect". Shareholders would support Mr Ellwood as his successor d he was chairman, but there might be doubts if Sir Brian Sir Brian will be 63 in

December, having been asked by the Lloyds TSB board to delay his scheduled retirement originally scheduled for last year. Sir Robin is already 70. and is expected to step down quickly as soon as the board has decided who will take over as chairman. The board started talking to

potential candidates to take over from Sir Brian earlier this year. Among those contacted was Mr Michael Hepher, former BT managing director. who has become chief execu-tive of the merchant bank Charterhouse.

The board is thought to have discussed the question in the absence of Mr Ellwood and Mr Moore at its May meeting. It met again last night to improving shareholder value. approve the group's interim

BBA takes rest of Signature

By Ross Tleman

32 per cent minority interest in its Signature Flight Support Corporation, which provides back-up services for corporate fliers in the US, for \$41.7m.

The purchase of the stake, from New York venture capital group Arcadia Partners, clears the way for BBA to expand the business through holt-on acqui-

Mr Roberto Quarta, BBA's chief executive, said he hoped to expand Signature geographically by buying operations at airfields on the west coast of Signature is America's lead-

ing supplier of refuelling, cargo handling, security and maintenance services for corporate aircraft in America, operating at 36 leading airports. "This acquisition will enable

CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED 30 JUNE 1996 AND 1995

(In million Rupiah and thousands of US Dollars except

Quarta said.

BBA has already turned BBA Group is buying out the round the business, acquired when it took over the Guthrie Corporation during the 1980s. and expanded it with two subsequent acquisitions.

In the year to December 31 Signature made pre-tax profits of \$15.77m. Net assets were

Mr Quarta said buying in the minority would enhance group earnings.

The deal will be largely funded from cash flow. BBA is ungeared. Approval for the purchase will be sought from BBA shareholders at a special

BBA aims to develop aviation services as one of its core businesses, together with friction materials for vehicle brakes, manufacture of nonwoven industrial fabrics and

specialist electical equipment us to get the full benefit of the business going forward," Mr ply.

CONSOLIDATED BALANCE SHEETS

30 JUNE 1996 AND 1995

13.2

19.3278 0.16

PT TAMBANG TIMAH (PERSERO) AND SUBSIDIARIES

Daimler denies talks

with BAe on merger

tured.

coma me

Head Office Jl. Jend. Sudirman No. 51 Pangkalpinang, Bangka 33121 Indonesia

ASSET8	1996 Subject to Review (1)	1995 Audited	LIABILITIES AND SHAREHOLDERS' EQUITY	Subject to Review (1)	1995 Audite
CURRENT ASSETS			CURRENT LIABILITIES		
yeay auq casp ednivaleus	199,890	114,431	Bank Loans: - Related parties	51.194	16.695
Short-term investments	45,667	14,265	Trade payable:	31,134	10,000
occounts receivable			Third parties	21,654	19,146
Trade:			Dividend payable	38	
- Third parties - nut of			Pension fund payable	8,896	6,35
allowance for doubtful			1		
accounts of Nil in 1996:	26.711	19,125	Taxes payable	5,158 1,360	9,25 ⁻ 1,40
1,910 ion 1995	20,711	12,120	Royalty payable Other payables:	1,300	1,40
Retated parties - net of allowance for doubtful accounts of NII			Third parties	667	1,28
in 1996 and 1995	84	1.082	Related parties	3.486	26
Where:		1,432	Provision for termination		
· Third parties - net of			of employees	•	28,42
ellowence for doubtful			Accivele	27,595	25,05
accounts of 2,786 in 1996:			Current maturities of		
3.915 in 1995	7,051	5,967	long-term liabilities Politied perties:		
- Related purses - net of			Bank kons		48.97
allowance for doubthal			Provision for		,
accounts of 1,480 in 1996;			environmental protection		
1,812 in 1995	17,984	15,819	and rehabilitation	2,943	3.32
nventories ·	135,276	116,061	Total current liabilities	123.001	160.21
repaid taxes	16,744	18,351	LONG TERM LIABILITIES Not of current maturities		
Other advances and prepayments	<u>5.935</u>	<u>5.587</u>	Related parties:		
CHRI CLETTONI 255865	456,331	310,728	Bank bens	17.408	
NVESTMENTS	18,197	<u>13,388</u>	Provision for environmental	•	
DOED ASSETS			protection and rehabilitation	<u> 13.275</u>	<u>11.48</u>
taeu assers let of accumulated			Total long-terra liabilities	30,684	11,48
lecreciation of 322,694 in 1996:			MINORITY INTEREST	1,032	
04.968 in 1995	207,285	145,839	SHAREHOLDERS' EGUTY	1000	
OTHER ASSETS		24444	Shere capital - Ro. 500 par value		
ion-operational assets	2.571	2.589	Per A class share and B class share		
Refundable decosit	40.328		in 1996 and Rp. 1,000,000 per priority		
leferred IPO cost (net)	5.871	4,693	and common share in 1985		
deterred exploration and	-,		Authorised - 1A class share and 999.99		
valuation costs (nat)	20,894	11,990	B Class shares in 1996 and 100,000 prior	ty shares	
eldsvieces must pro.			400,000 common chares in 1995		
Related parties .	2 <u>,169</u>	<u>3,022</u>	issued and kelly paid - 1A class share and 503 301 999 B class shares is 1986		
otal other assets	71,639	22,274	and 500,000 priority shares and 20,000	,	
OTAL ASSETS	751.448	492,029	Common shares in 1995	251,651	120.00
			Shart cromists	120.792	
			Government participation		10,27
			Foreign exchange translation adjustment	41	(9
-			Retained earnings	224,245	190,06
			Total shareholders' equity	595,729	320.33

AND SHAREHOLDERS EQUITY

492,029

per share data in full Rupiah and US Dollars) 1995 (Rp) (US\$) (Rp) (US\$) 91,178 COST OF GOODS SOLD GROSS PROFIT 68.812 52.991 161,157 124,106 133,930 79,609 57.186 37.992 Exploration costs General and Admir Setting expenses 606 13.542 16,705 2,465 19,616 33,375 31,716 4,486 37,620 41,989 OPERATING INCOME OTHER INCOMEREXPENSES Equity in not income of 769 5,755 (1,300) 4,541 328 2,457 (555) 1,939 Interest income 6,537 (859) 2,323 (100) 8,554 interest expense and bank charges Miscellaneous expenses 1921 INCOME BEFORE EXTRAORDINARY ITEMS 41.929 21.906 PROVISION FOR INCOME TAX (16,368) 42,934 NET INCOME BEFORE MONORITY (<u>5)</u> 30,138 18,358 OPERATING INCOME PER SHARE 349,908 358,293 <u>156</u> 0.07 1494 NET INCOME PER SHARE 153 140 0.06 NET INCOME PER GOR (10 B SHARES PER GOR)

The Korea Development Bank (Established in the Republic of Korea under the Korea Development Bank Act 1953 as amended)

U.S. \$200,000,000 Floating Rate Notes due 1997

For the six month period 25th July, 1996 to 27th January, 1997 the Notes will carry an interest rate of 5.9375% per animom with a coupon amount of U.S. \$3,067.71 per U.S. \$100,000 Note, payable on 27th January, 1997.

Listed on the Luxembourg Stock Exchange Bankers Trust Company, Hong Kong

(1) The above consolidated beliance about at 30 June 1996 and the consolidated statement of houser for the six months ended 30 June 1996 have been the subject of a limited seview engagement by Drs. Hads Sustantia & Relam, correspondents of Price Waterhouse. A limited review is substantially less in scape than an exaggnation in accordance with generally accepted sucking standards, the objective of which is the expression of an opinion regarding the consolidated financial statements when us a whole. Drs. Hadd Summe Related the express such as opinion. Based on their limited waview Drs. Hadd Summe of Relate and not become event of any material statements that the object is the consolidated financial statements for them to be in conformity with generally accepted accounting principles, the consolidated financial statements for the period ended 30 June 1995 have been statisted by Drs. hald Someto & Roban who issued unqualified opaque.

Operating tocome per chace and set income per chace we consputed by directing operating tocome and not locome by the weighted average incomes of priority and common shares inseed and paid up for 1905 and by the A stat B class Shares issued and paid up for 1906. Operating and not income per GDR is computed by multiplying not brokene per share by 10, which is the stateber of shares per GDR.

(3) The translation of Regain into US dollars has been made at Rp. 2.42 + USS) solely for the convenience of the mater and does not form part of

Johanna, 17 July 1996 Board of Directors

By Samer Iskandar in London and Lisa Bransten in New York

The market and the Bundesbank had a busy day yesterday trying to outwit each other. Volatility in European bond prices increased around midday, when the German central bank's council decided to leave its repo rate unchanged at 3.30 per cent, defying unanimous predictions by economists and traders of a 5 to 10 basis point

"They [Bundesbank board members] were boxed into a corner and wanted to show their independence from the markets]," one senior economist in London said. "A typical example of Bundesbank contrariness," was how another observer described the decision. Most economists agreed that "all the ingredients were

there to justify a cut". The market's initial reaction was a fall of almost 1/2 point in most European bond prices,

By Conner Middelmann

The eurobond market sprang

back to life yesterday, featuring an assortment of structures

The budding market for

D-Mark-denominated asset-

vative addition. DM1bn of

bonds backed by credit card

receivables generated in the

US by Capital One Master

Trust, the ninth-largest US

It is the first fixed-rate asset-

backed offering in the German

market, following floating-rate

issues for Citibank and Dis-

cover in recent months. The

sector is expected to see more

issues this year, with MBNA

credit card company.

INTERNATIONAL

backed securities saw an inno-

and Peter John

and currencies.

BONDS

followed by a US Treasury-inspired recovery that left high-yielding markets lagging behind bunds.

Liffe's September bund future, which fell to a low of 96.50 immediately after the Bundesbank announcement, later recovered to close at 97.15, up 0.26.

GOVERNMENT BONDS

Other "core" European markets also ended higher, while the Italian and Spanish 10-year benchmark bonds lost about % point to 101.83 and 100.39, respectively, their yield spreads over 10-year bunds widening by 9 basis points to 307 and 237 basis points.

The decision not to ease the repo rate was "one more nail in the coffin of convergence". said Mr Mark Fox, chief European strategist at Lehman

thought to be planning deals.

met strong demand throughout

Europe and was heavily over-

subscribed. One of the bonds'

main attractions is their sub-

stantial yield pick-up over

other triple-A rated paper: they yield 45 basis points over

bunds at the re-offer price -

some 10-15 basis points more

than domestic German bonds

and 20-25 basis points above

triple-A rated eurobonds, a

The Bank of Melbourne, Australia's eighth-largest

bank, made its debut in the

D-Mark sector with a DM350m

offering of three-year floating-

rate notes yielding 15 basis

points above Libor at the

re-offer price. The deal bene-fited from its Libor-plus cou-

pon and investors' interest in

more defensive instruments

given recent bond market vola-

syndicate official said

According to lead manager Salomon Brothers, the issue Traders reported heavy sell-ing and switching into bunds the mouth. from higher yielding sectors. The selling was mostly concentrated on short maturities, which were expected to benefit most from a monetary

"Traders are setting up curve flattening trades ... anticipating a reversal of the sharp steepening witnessed in the past month," said Mr Kirit Shah, chief market strategist at Sanwa International, who agrees with Lehman's Mr Fox that the European convergence process is in jeopardy. Mr Shah now expects the BTP/bund spread to widen to

the 325 basis point (support) is ■ US Treasury prices moved higher in early trading yesterday after data suggested that economic activity may be slow-

ing, but they held in the nar-

row range in which they have

New international bond issues

Ahead of yesterday's close size and tighter pricing.

Flurry of issues puts eurobonds back into gear

E Us pollage SCCHT 2 1996-S, Class A(a.s)+ Korse Electric Power(b)S Banco Hipotecario Nacional(c)

Fireign Export Credit(I)*

Abbey Nati Treasury Services‡

of subscriptions for Mexico's

\$3bn floating-rate issue,

bankers handling the deal remained confident that heavy

E SWISE FRANCS.

as much as 345 basis points "if

At midday the benchmark

30-year Treasury was % stronger at 87% to yield 6.996 per cent. At the short end of the maturity spectrum, the twoyear note rose & at 100, yielding 6.233 per cent, while the September 30-year bond

jumped 1 to 108 ... Since the start of the month the yield on the benchmark 30-year Treasury has hovered near 7 per cent as investors began to bet that the Federal Reserve would have to raise interest rates to slow the

Last week, however, Mr Alan Greenspan, chairman of the Federal Reserve, buoyed the market by suggesting that the economy could slow on its own without an interest rate

Opinion is divided about whether the Fed will tighten next month, and yesterday's

weaker-than-expected data

The price range for the deal

had been 200 and 212 basis

points above Libor. Dealers

suggested yesterday the price

been trading since the start of on durable goods orders and existing home sales added to speculation that an interest rate increase was not inevitable.

Existing home sales fell 23 per cent in June, suggesting that higher long-term interest rates were beginning to take their toll on the housing sector, and durable goods orders slipped 0.8 per cent.

But analysts warned against assuming that the weak durable goods data indicated an economic slowdown. Mr Joseph Liro of CIBC Wood Gundy noted that orders had surged 4.2 per cent in May and lost only a small part of that increase back in

"In the longer term, the ability of orders to retain much of the May advance is another bit of evidence that the economy will continue to operate well above the non-inflationary potential growth rate through

fler level, at Sears Credit Card M.

range. Any decision on an

increase in size might not be

revealed until after the week-

end. But there has been specu-

lation that it could be raised to

FT-ACTUARIES FIXED INTEREST INDICES

-0.03 -0.18 -0.17 -0.53

122.36

122.32

between \$5bn and \$6bn.

1 Lip to 5 years (22)

5-15 years (20) Over 15 years (8)

Up to 5 years (1)

Belgium to implement benchmark debt scheme

By Conner Middelmann

The Belgian treasury is implementing a benchmark debt portfolio to manage its debt more efficiently and help it attain the Masstricht debt criteria for European monetary union.

It has appointed Union Bank of Switzerland and Morgan Stanley as advisers on the benchmark project. UBS is already doing similar work with the governments of Australia and Ireland.

"This does not represent a change in our funding policy -it is in line with the reforms that have taken place in the Belgian capital markets for the past six years," said Mr Louis de Montpellier, general adviser at the Belgian

The benchmark will "focus on finding robust debt port-folios which balance the dual objectives of cost saving and risk control," said Mr Rupert Brindley, director in the quantitative finance group at

Achieving efficient funding - which he defines as "the lowest cost of borrowing consistent with an acceptable level of risk" - should lead to either cost reduction, or risk reduction, or both, he said.

The benchmark will also provide Belgium with a reference point against which to measure the performance of the debt managers. UBS has developed a simula-

tion model which tests a debt portfolio over different time horizons and scenarios.

"The model will allow us to project our debt portfolio in many environments and see if our macro-economic constraints are respected, and, within these constraints, what we can do to improve the cost of our debt," Mr de Montpellier said.

5.12 5 yrs 6.39 15 yrs 6.43 20 yrs 7.36 irred.† 5.98

Up to 5 yrs Over 5 yrs

Lebanese airline gets \$100m boost

By Roula Khalef

Lebanon's national carrier is to receive a much-needed \$100m capital infusion, Mr Khaled Salam, chairman of Middle East Airlines, said yesterday. The Lebanese central bank

will inject the \$100m in exchange for equity in the company. The funds will be used to retire the company's debts, mostly owed to govern-ment-controlled entities. An additional \$125m of capital is to follow, according to Mr

Salam. At a meeting yesterday

to approve the first tranche.

shareholders were given two weeks to decide whether they wanted to take part in the capialready has a controlling stake in the carrier through its interest in Intra, an invest-

The Lebanese government ment company which owns 62.5 per cent of MEA. Air France holds 28 per cent of the shares and the remainder is spread among employees

and Lebanese individuals. The long awaited capital increase should allow the company to embark on a rehabilitation plan to modernise its fleet and restructure

operations. After surviving 16 years of civil war, MEA emerged crippled by high operating costs due to an ageing fleet, antiquated equipment, and an age-

ing staff. As international carriers began landing in Beirut again, MEA racked up losses of more than \$30m between 1991 and 1994 (the latest figures available) and was forced to borrow from the government to stay

.147

Plans to recapitalise the airline have been on the table for years, but were partly blocked by political squabbling among Lebanon's top decision makers over a change in management. An agreement reached last September brought in Mr Salam and cleared the way for the capital increase.

Evergreen Marine set to launch GDR issue

By Laura Tyson in Taipei

Evergreen Marine, the Taiwanese shipping concern, is expected soon to launch a \$200m issue of Global Depositary Receipts to raise capital for investment projects in China and Panama Goldman Sachs, the US

investment bank, has been appointed lead underwriter for the issue, which will be Evergreen's first such offering to overseas investors.

Each GDR will be equivalent to 10 common shares and the issue price per GDR will be about \$20. The receipts will be listed on the London Stock

7.83 8.23 8.25 8.36

Jul 25 Jul 24 Yr. ago

7,35 8,13 8,21

The closely-held group

7.27 8.09

announced in 1994 plans to invest up to \$80m in China for development of port, terminal and transport systems. Projects include the construction of an inland container terminal near Shanghai in a joint venture with the Shanghai port authority, and a another termi-nal depot in the northern port

of Qingdao. Evergreen has been a vocal advocate for the restoration of direct shipping links between Taiwan and China, severed in 1949 after a civil war.

The group is expanding its fleet and making preparations for the eventual lifting of the ban. Evergreen also has invested in port facilities in

8.20 8.27

Jul 25 Jul 24 Yr. esso

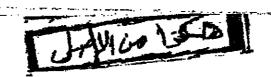
Jul 24 Yr. ago Jul 25 Jul 24 Yr. ago Jul 24 Yr. ago

7.31 \$ 11 6.19

America Bank and Citibank demand could lead to increased could be at the bottom of that tility, dealers said. WORLD BOND PRICES III BUND FLITURES OPTIONS (LIFFE) DM250,000 points at 100% **BENCHMARK GOVERNMENT BONDS** Coupon Date Price change Yield 10.000 02/06 107.0880 — 8.8 6.250 05/06 97.9800 +0.010 6.43 7.000 05/06 102.0800 +0.250 6.70 7.000 12/06 95.2400 -0.230 7.67 8.000 03/06 104.4500 -0.120 7.33 5.750 03/06 106.3800 +0.040 6.35 6.250 04/06 102.6800 -0.140 7.61 9.500 02/06 101.8300 -0.270 6.35 8.600 06/07 118.8053 -0.040 2.32 3.000 06/05 97.7800 +0.240 6.31 6.000 01/05 97.7802 +0.240 6.31 11.875 02/05 119.0300 -0.250 8.71 8.000 02/05 119.0300 -0.250 8.71 8.000 86 375 -0.270 8.27 <tr 0.43 0.69 1.03 MI NOTIONAL ITALIAN GOVT. BOND (BTP) PUTURES Open Sett price Change 116.88 116.55 -0.33 117.17 116.35 115.84 -0.30 118.35 III ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lirazdom 100ms of 100% - CALLS -PUTS 7.37 8.11 8.22 6.97 7.11 7.09 7.83 8.05 6.85 7.02 6.88 11700 11750 High Sep 0-27 0-51 1-25 **BOND FUTURES AND OPTIONS** 123.16 121.74 121.48 121,143 1,727 727 Dec 438,675 19,974 3,119 Est. vol Open Int. · 100일 · 101일 · 101일 · 1034 · 1034 · 1034 · 1033 · 1034 · 1044 · 1044 · 1044 · 1044 · 1044 · 1044 · 1044 7.82 7.89 7.92 7.90 7.69 7.96 7.76 8.00 8.04 8.12 1044 974 985 1002 1203 1203 1225 1073 984 843 5.54 5.77 5.83 5.91 6.26 6.43 6.60 6.70 6.70 6.70 7.77 7.72 7.85 7.96 9.70 8.20 10,18 5.37 8.06 7.43 21913-Over Fitters Years Core Spc Ln 2011 | # | Treas Spc 2012 | # | Treas Spc 2012 | 12 | Treas Spc 2013 | 12 | Treas Spc 2013 | 15 | Treas Spc 2015 | 15 | Treas Spc 2015 | Treas Spc 2015 | 지 112년 100년 -1, 113월 104월 -2, 103년 95년 -2, 101년 95년 -2, 101년 95년 -2, 111월 102년 -2, 141월 120일 -2, 141월 120일 -2, 141월 120일 -2, 141월 120일 8.15 107% 7.81 78 8.18 98% 6.19 95½ 8.18 98% 8.22 105½ 8.27 123% 6.19 97% Other Fixed Interest 8.94 9.25 8.04 8.85 11.72 10.13 10.27 8.09 9.09 9.54 3.96

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Chanese airling MARKETS REPORT ets \$100m book

ERGENT SALES AND A SERVICE MALLY

CURRENCIES AND MONEY

Accelerat the D-Mark (DM per S)

Jul 1896

tect of the dollar recovery".

* weakness in the Japanese stock market. He pointed out that this was the direct cause

133 ----

Dollar wilts as Buba leaves rates unchanged

The Bundesbank yesterday delivered a sharp shock to the foreign exchanges with its decision to leave interest rates unchanged ahead of its summer recess.

Numerous comments in recent days from semor Bundesbank officials had led markets to expect a cut in the repo rate. When it was left unchanged, the dollar fell sharply to around DM1.4715, Taling . from DM1.4850, before recovering slightly to close at DML4784 Against the yen it closed at Y108-215, from Y108.02 on Wednesday.

The D-Mark made ground across the board, with most of the high-yielders losing ground. The lira fell to L1,027, from L1,020, against the D-Mark The D-Mark also made good gains against the yen, finishing at Y73.20, from Y72.62. This helped keep the dollar firmer against the yen. Sterling lost one pfennig

against the D-Mark, finishing at DM2.3019, from DM2.3121, US election year." Garman but was firmer against the dollar at \$1.5571 from \$1.5542.

If policy decisions can be assessed in terms of whether sion, yesterday's effort from the Bundesbank was clearly in the former category. It was no surprise that analysis were predicting that options volatility would jump.

In her note entitled "Men Behaving Badly", Ms Alison Cottrell at Paine Webber in London said the Bundesbank's decision had clearly left the dollar and European crosses vulnerable. "The Bundesbank has, in effect, passed the onus of dollar support over to the US, a dangerous game to play

-- Pies, close --1.5525 1.5526 1.5526 1.5540

US election year." German exporter confidence is closely tied to the dollar/D-Mark rate, and exports have been the

main fuel of growth recently.

Paine Webber is predicting a further cut in the repo rate, but Ms Cottrell said the danger was that any evidence of economic strength would elicit a chorus of "no more eas-ing...each rendition of which will saw off one more splinter from the branch on which the US dollar is precariously

If the first half of the year was characterised by widespread optimism about the outlook for the dollar, albeit per-pered with pockets of scepticism, the price action in recent weeks has removed any pretense of consensus

Unsurprisingly, key protagonists have taken up familiar positions. Mr Paul Chertkow, head of global currency

last year of US and Japanese authorities stepping up their efforts to support the dollar. "If eaulty market, it is with the Japanese couity market."

* there is a very strong correweighted yen index and the Japanese current account (where the surplus is continuing to trend lower). There is "no" correlation between the US current account and the performance of the tradeweighted dollar.

DET BAL Mr Chertkow said the 1994/5 experience, where the dollar's decline was linked to its use as continues to fly the dollar-bull flag. He is standing by his end a trade weapon, was unlikely of year forecasts of DM1.60 and was the current focus of trade tensions and its currency is He cites the following factors in support of his view:

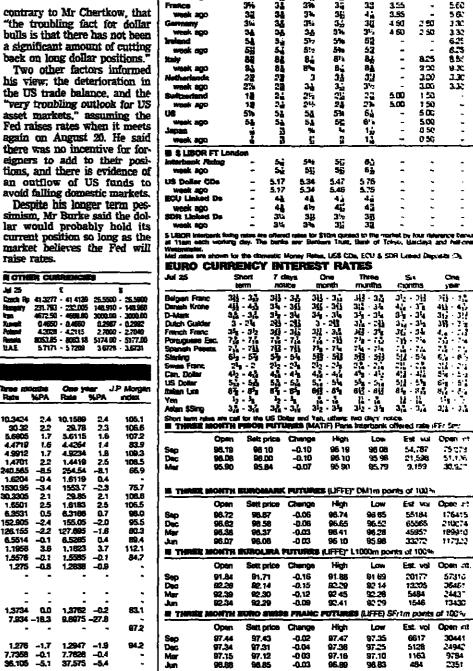
* the reappointment in Japan
of Mr Sakakibara - "the archi-

not convertible. By contrast, Citibank remains resolutely bearish, predicting the dollar at DM1.35 and Y100 in six months time. Mr Michael Burke, economist at Citibank in London, said,

contrary to Mr Chertkow, that "the troubling fact for dollar bulls is that there has not been there is any correlation a significant amount of cutting between the dollar and the back on long dollar positions." Two other factors informed his view, the deterioration in the US trade balance, and the "very troubling outlook for US asset markets," assuming the Fed raises rates when it meets again on August 20. He said there was no incentive for foreigners to add to their posi-

> an outflow of US funds to avoid falling domestic markets. Despite his longer term peslar would probably hold its current position so long as the market believes the Fed will raise rates.

N OTHER CU



ROYER PUTURES (LIFFE) Y100m ponts of 100%

- 99.12 -0.03 98.80 -0.03 98.50 E MONTH ECU FUTURIES (LIFFE) ECUTIN points of 100%

Open Sett price Change High

99.12 99.12 96.79 98.79 96.50 98.50

95.55 95.46 95.20

95.62

Low Est vol Open int.

95.67 95.58 95.42 95.16

WORLD INTEREST RATES

MONEY RATES

Evergreen Marines to launch GDR issu

Programme Service

(1) 金头鱼 (1)

Jul 25	. 1	Closing nid-point	Change on day	Sid/offer scread	Day's high	: MSd : low	One mo	MED MPA	Three ma	MPA	Octo yo Rata		Bank of Eng. Index
Europe		<u>F</u>				· <u></u>							
Austria	(Schi	16.1994	-0.0715	893 - 095	16.2993	16,1894	16.1882	2.3	16.0832	2.6		-	105.4
Belgium	(BFr)	47.A745	-0.1913	296 - 193		47,3340	47.3795	24		2.4	48,3995	2.8	
Denmark	(DKr)	8.8830	-0.034	781 - 679	8,9595	8.8658	8.8662	1.9	8,8489	1.5	8,7411	1.6	108.2
Finland	g-Mg	8.9917		849 - 985	7.0650		8.9673	0.8		0.7	-	-	85.2
France	(FFr)	7.8045		008 - 081	7.8436		7.7923	1.9		1.8	7,6761	1.6	109.9
Germany	(DM)	2.3019		005 - 032	2,3167		2.2974	2.3	2.2884	23	2,2495	2.3	109.4
Greece Ireland	(0)	366,748		502 - 994	369.894						-		67.5 99.7
italy	(82)	0.9618 2363.68		608 - 528 230 - 508		0.9590 2346.62	0.9613 2389.23	0.6 -2.8		0.7 -2.6	0.9656 2411.58	0.6 -2.0	75.9
Luxenboure	ᄠ	47.4745		296 - 193		47.3340	47,3795	2.0		2.0	48,4045		107.2
Natherlands	(F1)	2.5855		840 - 870		2.5794	2.5794	2.8	2.5875	2.8	2,5197	25	107.4
Norway	NKA.	9.9053		966 - 140		9.8317	9.8968	1.0	9.8798	1.0	9.7983	1.1	20.0
Portugal	(Es)	236.672		525 - 81B		235,369	237,097	-22		-22	4.1200	· ···	95.4
Spein	PM	195.371		276 - 466		194,971	195,631	-1.6		-1.6	197.548	-1.1	80.5
Sweden	ÉKA	10.1987		879 - 094		10,1890	10.199	0.0		0.0	10.1971	0.0	89.7
Switzerland	(SFr)	1.8790		780 - 799	1.8878		1.874	3.2		3.4	1.815	3.4	112.7
UK	Œ)				-	-	-				-		84.8
Ecu		1.2236	-0.0048	229 - 243	1,2300	1,2208	1,2223	1.3	1.2193	1.4	1.206	1.4	-
SDR†	_	1.066500	•	-	-	-		-		-	-	-	-
Americas													
Argentina	(Peso)	1.5549	+0.0029	543 - 555	1.5616		-	•	-	٠.	-	-	
Brazi	(FIS)	1.5702		895 - 709	1.5748			-	-	-	-	-	-
Canada	(CS)	2,1382		372 <i>-</i> 392	2.1445		2.1375	0.4	2,1338	8.0	2,1258	0.B	83.7
	/ Peso)	11.6141		068 - 214		11.8068		-	·				:
USA	_ (S)	1.5571	+0,0029	566 - 575	1.5518	1.5522	1.5568	0.4	1.5576	-0.1	1.5587	-0.1	96.0
Pacific/Middle													
Australia	(AS)	1.9783		771 - 795	1.9813		1.9608	-1.5		-1.5	2.0111	-1.7	92.1
Hong Kong	(HKS)	12.0412		369 - 454		12.0047	12.0831	0.8	12.0215	0.7	12.0017	0.3	-
india	(Ps)	55.5090		815 - 384		55.1630	-	-	•	-	-	-	-
isrzei	(Shid	4.9270		231 - 309		4.9146	48-774	5.2	100 001	5.5	159,866	5.1	133.8
Japen Male -1-	<u>_m</u>	168.496 3.8772		409 - 584 753 - 791	3.8965	157,460 3,8639	101-11	3.2	166.281	مد	139,000	2.1	1935
Malaysia	(AS)	2.2351				2.2318	2.2401	-27	2.2496	-26	2.2894	-22	108.0
New Zegland	(AZS)			333 - 366 362 - 377	40.8720		22401	-2.7	22490	-20	-2200	-22	100.0
Philippines	(Peso)	40.7870 5.8397						_			_	. [
Saudi Arabia	(SR)	2.2040		377 - 417 026 - 054	5.8572 9 9000	21979	• •	-	-	- :	_	-	-
Singapore South Africa	(S\$) (R)	6.8029		854 - 982		6.8729						_	
South Korea	(Wpe)	1266,19		552 - 687		1282.56	:	- :	-				
Talwan	(12) (saire)	42.8563		081 - 045	42.9511			• -	_		_	_	
Thatland	(Bt)	39.3854		482 - 845	39,4980								

307 23		mid-point	OU COM	SOLOGY SICKOLAN	high	icer	States	%PA	Rate	NPA.	Rate	%PA	index
Ешторе											_=_		
Austria	(Sch)	10,4039	-D D854	004 - 074	10.4950 1	0.9850	10.3844	2.2	10.3424	2.4	10.1589	2.4	105.1
Beicken	(BFri	30,4900		700 - 100	30,7340 5		30,435	22	30.32	22	29.78	2.3	106.6
Denmark	DK			035 - 085		5.6610	5.8975	1.5	5.6905	1.7	5.6115	1.6	107.2
Finland	(FM)	4.4904		873 - 834		4.4755	4.4839	1.7	4.4718	1.6	4.4264	1.4	83.9
France	i l Ti	5.0124		115 - 132		4.9927	5.0056	1.7	4.9912	1.7	4.9234	1.8	109.3
Genmeny	(Dag			779 - 788		1.4723	1.4758	2.0	1,4701	22	1.4419	2.5	108.5
Greece	(De)	235.540		450 - 630	238,180		237.215	-8.5	240.565		254.54	-81	65.9
Ireland	(SE)	1.6190	+0.0048	180 - 200	1.6220	1.6120	1.6196	-0.4	1.6204	-04	1.6119	0.4	
italy	, Di	1518.05	+0.9	760 - BSO	1521.42	506.75	1522.8	-3.8	1530.95	-3.4	1553.7	-2.3	75.7
Lucembourg	C.Fri	30,4900	-0.18	700 - 100	30.7340	30.3520	30,437	2.1	30,3305	21	29.85	2.1	106.6
Netherlands	(64)	1.6605	-0.0097	600 - 510	1,6788	1,6540	1.6572	24	1,6501	2.5	1.6183	2.5	106.5
Norway	NKI	6.3616	-0.0335	578 - 653	6.4305	6.3197	6.3586	0.6	6.3531	0.5	6.3186	0.7	98.0
Portugal	Œ	152,000	-1.025	950 - 050	153,230	51,470	152,315	-25	152,905	-2.4	155.05	-2.0	95.5
Spain	Piel	125,475	-0.47	450 - 500	126,290 1	25.050	125,725	-24	126,155	-22	127.695	-1.8	80.3
Sweden	SKI	6,5500	-0.0079	450 - 550	8,5864	8,5232	8.5491	0.2	6.5514	-0.1	6.5265	0.4	89.4
Switzerland	(SF ₁)	1.206B	-0.0054	085 - 070	1,2153	1.1995	1.2033	3.5	1.1958	3.6	1.1823	3.7	112.1
LK	` 62î	1.5571	+0.0029	588 - 575	1,5818	1.5522	1.5566	0.4	1,5576	-0.1	1.5585	-0.1	84.7
Ecu		1.2726		722 - 729		1.2624	1.2733	-0.7	1.275	-0.8	1.2838	-0.9	•
SORt	_	0.68530				:		-				٠	
Americas													
Argentina	(Pago)	0.9986	-	985 - 987	1,0000	0.9880	-	-	_	-			
Brazil	(PS)	1.0085		083 - 086		1.0082	-		-	-		-	
Canada	(CS)	1.3733		730 - 735	1.3737	1.3701	1.3731	0.1	1.3734	0.0	1.3752	-0.2	83.1
	Pesci	7.5875		850 - 900		7.5840	7,749			-18.3	9.6975		
LISA	<u> </u>	**********	-0.025		1-22.0		,,,,,,,						97.2
Pacific/Middle		Miles											
Australia	[AS	1.2705	*U 0028	702 - 710	1.2723	1.2686	1.2725	-1.9	1.276	-1.7	1,2947	-1.9	94.2
Hong Kong	6HKS)	7.7333		328 - 338		7.7327	7.734	-0.1	7.7358	-0.1	7.7628	-0.4	
india	(Re)	35,8500		500 - 500	35,8700 8		35.8	-5.D	36,105		37.575	-5.4	
israel	pary Dinici	\$.1843		627 - 659	3.1718		-	-2.0	· · · · ·	:	0.20.0	-6,-	_
Jecan Jecan	(J.) Fallsch	108.215		190 - 240	108.4B0 1		107.77	4.9	106.87	5.0	103.13	4.7	134.5
Jogas: Malavsis	(MS)	24901		896 - 906		2.4885	2.491	-0.4	2.4971	-1.1	2.5206	-12	
Mawyses Naw Zagland	(May	1.4353		347 - 362		1.4340	1.4384	-28	1,4442	-25	1.4688	-2.3	
		26.1950		700 - 200	26,2200 2		1,4004	-2.0	1,4442	-23	1.4000	-2-9	_
Philippines	(Pesc)		+0.000	700 - 200 503 - 507			0.754	-0.1	3.7517	-0.t	3.755	-0.1	
Saudi Arabia	(SR)	3.7505				3.7503	3,751				1.3805		
Singapore	(22)		-0.0009			7.4145	1.412	3.0	1.406	27		2.5	-
South Africa	(FB)	4,4265		240 - 290	4,4305		4.474	-129	4,564	-12.4	4.9015	-10.7	•
South Koree	(Won)	818,200		000 - 400	814,600 8					-	٠	-	•
Takean	(L2)	27.5240		010 - 470	27,5810 2		27.529	-02	27.534				•
Mattend	(84)	25.2B20		770 - 870	25,3800 2 World elder	5,2670	25,3807	-4.7	25,5845	-4.B	28,467	-4.7	-

	- 12.7		95.8	/		<u>-:</u>	<u> </u>			· ·				<u> </u>	. :		. .	·
	CROSS	RATE	S AND	DERI	VATIVE	S												
	EXCHA		2000															
-			BFr	DKr	, FFr	DM	E L	R	NKr	Es	Pta	SKr	SFr	£	CS	2	. у	Eco
	July									498.6		21,49	3,958	2.107	4.504	3.280	355.0	2.578
	Belgium Deomark	(BF) IDK		18,71 10			027 4980 083 2681	5.448 2.911	20.87 11.15	266.5	411.6 220.0	11,48	2,115	1.126	2.407	1.753	189.7	1.378
	France	(CF)		11.38	10	2,949 1	233 3029	3.313	12,69	303.3	250.4	13.07	2.407	1.281	2.739	1.995	215.9	1.568
	Germany	įDΜ		3.859 9.234	3.291 8.113		418 1027 1 2457		4,303 10,30	102.8 246.0	84.88 203.1	4,431 10,60	0.816 1.953	0.434 1.040	0.929 2.222	0.676 1.619	73.20	0,532 1,272
	ireland italy	(E.		0.376			041 100,	0.109	0.419	10.01	8.268	0.431	0.079	0.042	0.090	0.066	7.128	0.052
	Netherlands	, je	18.36	3,435			372 914.2		3.830	91.53	75.58	3.944	0.727	0.387 1.010	0.827 2.159	0,602 1,572	65.16 170.1	0,473 1,238
	Norway	(NK)		8.968 3.753			971 2387 406 998.7		10 4.185	239.0 100.	197.3 82.55	10.30 4.309	1,897 0,794	0.422	0.903	0.658	71.19	0.517
	Portugal Soain	(Es (Pts	• =	4.546			482 1210	1,323	5.088	121.1	100.	5.220	0.962	0.512	1.094	0,797	86.23	0.626
	Sweden	(SK		8,709			943 2318 512 1258		9,711 5,271	282.1 126.0	191.6 104.0	10 5.428	1.842 1	0.980 0.532	2.096 1.138	1.626	· 165.2 89.68	1.200 0.651
	Switzerland UK	i (Sifi E	·	4,728 8.883			962 2364		9.905	238.7	195.4	10.20	1.679	1	2.138	1.557	168.5	1.224
	Canada	(03	22,20	4.155	3.651	1.077 0.	450 1106		4.633	110.7	81.39	4.771	0.879	0.488	1	0,728	78.81	0.572
	ŲS	Ş		5.705 5.272			818 1518 571 1403		6,382 5,878	152.0 140.5	125.5 116.0	6.551 6.053	1,207 1,115	0.842 0.593	1.373 1.269	1 0.924	108.2 100.	0.788 0.726
	Japan Scu	(1	SR.78	7.257	8.377	1.881 0.	786 1931	2113	8.092	193.4	159.6	8.333	1.535	0.817	1.747	1,272	137.7	1
	Danish Krontr	, French Fre	no, Norwag	ien Kroner,	end Swede	Kroner per	10; Belgian F	manc, Yen, E	ecudo, Lira	and Pass	ta, per 100.							
	E D-MARK		e amin in	M 195 000	ner DM		•		2.4	APANES	E YEK P	UTURES	(MM) Ye	n 125 per	Yen 100	i		
	O-MACK		Ladest	Change	High	Low	Est. vol	Open Int.			Open	Latest	Change	<u> </u>			Est voi	Open int.
_	Sep	Open . 0.8740	0.6787	+0.0051	0.6614	0.6727	18,948	65,799	Sep	_ 1	0.9288	0.9325	+0.003	4 0.934	5 0.9	285	16,554	66,875
. . .	Dec	0.6842	0.6834	+0.0056	0.6842	0,6828		3,187	Dac		3,9440	0.9440 0.9521	+0.008	3 0,944		440 530	22 2	4,427 142
	Mer	-	0.6824	-	- .	-	. 280	632	Mer		-	0,8521	-	-	. 4.0	550	•	1-0
	E SWISS F	TANC FU	TURKS (P	WWW SET 1	25,000 per	SF			<u># 5</u>	THE IN	FUTUR	es (m/m)	£62,500 j	per £				
	C	0.8274	0.8318	+0.0044	0.8368	0,8260	15,748	36,455	Sep		1.5518	1.5574	+0.005			512	5,553	52,131
	Sep Dec	0.8400	0.8375	+0.0041	0,8415	0.8990		2,082	Dec		1.5570	1.5580 1.5600	+0.005			5 8 6	39 1	1,155 f
•	Mar	-	0.8435	+0.0033	0.8490	-	5	99	MELL		-	1,0000	TOUGO	,,,,,,,	~		•	•
	UK:IN	CEDES.	r DATI	= 5					[, EM				-	CY UI				
•			_					•	34.2	5	Equipe rates		tete net Ecu	Change on day		रिक्रा सिर्वेश	% spread v weakes	
	LONDO	MON N				_		•	1 ===	eriande	2.1521		13889	-0.00239	A		1.48	5
	Jul 25		Over- night	. 7 days	One. month	Three	Six: months	One year	Spak		182.49	14 2	51.540	+0.107	-ō.	58	1,45	4
			64 - 6½	511 - 571	5H - 5H	5f2 - 5f		62: - 522	Belg	para.	39.396	30 3 6	.2521	-0.0667			1.23	3
	Interbank Sta Sterling CIDs	rling '	- 04	219 - 616	575 - 54	548 - 54	5卷-5基	8 - 5\£	Gent		1,9100	37 1. 33 13	90483 3,4055	-0.00298 -0.0197			1.13 1.1 0	3 2
	Treasury Bits	,	-	-	5월 - 5월	52 - 54 52 - 54		-	Port	أعون	195.7	12 19	35.918	-0.245	J 0.	06	0.79	-0
-	Bank Bills	. deno	534 - 55 ₈	5% - 5%	512 - 57 ₁ 57 ₄ - 57 ₁			6 - 5%	Irelai Fran	_	0.79221		96899	+0.001855 +0.00296		59) 80	0.26	-4 -7
•	Local authori Discount Mar		6 - 54	5차 - 5차	•	•	•	-		nark	7.285		34823	-0.0092		86	0.00	-6
	UK clearing i		andra 190	5% per c	ent from J	pe 6, 1996	,		NON	CDV 14	EMBERS							
	UK deaming i	DELLY FEEDO 1	Green in	Up to 1	. 1-3	- 3-6	5-6	9-12	Gree	_	292.00		33.341	+0.02		58	-2.83	-
•				month	month	months		months	. jimiy		2108.1 0.7 868 5		154,07 28079 -	+13 <i>.44</i> +0. 00234 5			6.71 -4.19	-
	Cests of Tex	dep. @100	,000)	2 ¹ 2	5 ¹ 2		5	434	Seu e	apped rate	s and by the	European	Commissio	n. Currenci	ss are in d	Rigending	reletiva str	tength.
	Course of Title d	an, under Ci	00,000 = 2º	5,4783pc. !	CGD Bud	ate Saig. Ext	cas. Ort Finance, M	alos un day	l Barra	Anna Aire		For a av	allian chance	-	کان شمعی و	телем. По	formace sh	Norma Utali
	Ave. tender rat Jun 28, 1986. rate for period	Agreed rate	ior period Ja to Jun 28.	uj 24, 1996 i 1996. Schwa	6 Ang 25, 1 100 N & V &	60, 341616 935pg. Pee	ROM HOMBO BAR BING HI (SCHOOL	Rath Spc	for 2 (Committy, C tertral dista	and the me	quind) beca	attand perce	بندوه ووسار	don of the	Currency	and Ecu or a maries re	nte from de
•	trom Jul 1, 199	2011 1, 1000 96							(17/9/	32) Smrtr			ended from	FRA.A	stment cod nite ner n	desired by Correction	the Financ	tines.
	trom Jul 1, 199 pr THEREDE I				e (Carrel 2	androve be	185 GF 10076	Open int.	- I ——				iis		<u>, </u>		UTS -	
			Sett price	Change -0.02	High 94.25	Low 94.22	Est. Vol. 15247	84427	Price		Aug		ep	Oct	Aug		Sep ·	Oct
•	Sep	94.24 94.14	94,23 94,14	-0.02	94.15	94,17	25074	99157	1.82	_	3.17	. 3.		-	0.01		23 144	0.49 0.75
• •	Dec Mar	93.86	93.57		98,88	93.84 93.45	7649 6930	65103 45382	1.530		2.33 1.55		58 00	2.28	0.08 0.30		L74	1.09
	.kun	93.48	98.49	+0.01	93.50 93.06	93.03	3279	31548	1,550	3	0.92	1.	50	1.72	0,87	1	.17	1,52
_	Sep Also traded of	93.05 - ART AIO	* 93.07 con, interest	for se t			=	•	1,560		0.48		90	1.26	1,27		.71 148 686	2.06
٠	Also traded of	,							Preside	T ONLY	, Çallı 4	osz Puta 4	ARA PROV.	may 8 open		.,,,,,,,,,,	us 138,650	
	B SHORT	STERLING	OPTION	s (LIFFE) I	CONTINUE D	UERS OF 10	U.D.				ONTH IS	MODO!	LAR ILO) \$1m po	nts of 10	0%		
•	Strike		CAI	<u>us</u>		Sep	PUTS	Mar	 ا	====	Ореп	Lettest	Change				st. voi	Open Int.
,	Price	Sep	0.2	-	0.25	0.02	0,14	0.58	Sep		94.22	94.20	-0.01	94.2	-		82,908	407,374
	9400	0.25 0.08	0.1	3	0.14	0.10	0.24	0.52 0.71	Dec		93.80	93.88	-0.01	93.9	1 ' 98			450,240
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The Government of Uganda **Divesture and Reform Implementation Committee** Invitation of Bids for Fifty-One Percent of shares of

THE COFFEE MARKETING BOARD LTD.

The Government of the Republic of Uganda, the owner of 100% of the shares of the Coffee Marketing Board Ltd, pursuant to the privatisation process. invites bids for a core investor to purchase 51% of the shares of the Company. The remainder of the shares will be held by Government on behalf of the People of Uganda, until such time as interest in those shares can be offered to the general public.

The Coffee Marketing Board Ltd. is engaged in the procurement, processing and international marketing of coffee. Prior to liberalisation of the Coffee Market in Uganda, the Company's predecessor was the monopoly processor and exporter of coffee. The Company's principle asset is its Central Processing and Storage Unit (CPSU) located in the heart of Kampala's industrial area. The large export processing capacity of this facility provides the Company with several competitive advantages. The facility's installed capacity for production of 4 million, 60 kg bags of robusta per year, provides for economies of scale. Moreover, superior blending of coffee is afforded by the large volume capacity, yielding one of the world's most consistent coffee products. At present, the Company maintains approximately 50% of the market for export processing in Uganda.

Interested parties may obtain further information on the Coffee Marketing Board Ltd. from the Director, Privatisation Unit, Ministry of Finance, 14 Parliament Avenue, P.O. Box 10944, Kampala, Uganda; Telephone, (256-41) 256-467/256-392/230-300; or fax (256-41) 259-997. Interested Parties may additionally receive written authorisation from the Director of Privatisation to visit the Company on the basis of which additional information may be provided by the Management of Coffee Marketing Board Ltd.

All bids must be for 51% of the shares of the Company and are due no later than 26 September, 1996.

MARKET REPORT

Copper price bursts through \$2,000 barrier

By Kenneth Gooding. Wining Correspondent

COPPER's price burst through the psychologically important \$2,000 a tonne level in inter-office trading after the London Metal Exchange had closed last night. Some analysts said short term fundamental factors suggested that the metal's price could go higher.

Traders said the next move would depend on today's announcement about LME stock. They expected another small fall following the 4,625 drop recorded on Tuesday.

They suggested that certain

banks were using the low stock levels to squeeze the market.

immediate delivery compared with three-month metal went to \$120 a tonne. By the official close it was back to \$94.

Mr Wiktor Bielski, analyst at Bain & Co, a Deutsche Bank subsidiary, said total copper stocks were equivalent to only 3.6 weeks consumption, only marginally above the previous critical level of 3.5 weeks.

He said the pressure on prices to re-align with the short term fundamentals would become too strong to ignore in the weeks ahead, even in the seasonally slow northern hemisphere summer period. "We expect a return to the \$1 a pound (\$2,204 a tonne)

At one point the premium for level sooner rather than later, with further gains in the fourth quarter as the market tightens even further.'

However, Mr William Adams, analyst at Rudolf Wolff, part of Canada's Noranda group, suggested in a special review, that the price rebound was likely to be short-lived. He said copper might go to \$2,500 a tonne but this "would be seen as a good long term selling opportunity

Over the next few years substantial supply surpluses would build up. Consequently, he estimated "a fair average price" for copper was \$1,785

Analysts forecast aluminium price rally by end of 1996

By Kenneth Gooding

There are as yet few signs of a revival in global demand for aluminium, analysts suggest, but they expect prices to recov-ery sharply towards the end of

"In the second half, underlying consumption should grow along with continuing eco-nomic growth and, with consumer and pipeline stocks almost empty, demand for prialuminium should bounce back. In turn, this should provide the base for a price rally later in the year," says Mr Wiktor Bielski, analyst at Bain & Co, a Deutsche Bank

subsidiary. Mr Jim Lennon at Macquarie Equities, part of the Australian banking group, says that so far there is no sign of an recovery in demand in the important Western European market which accounts for about 30 per cent of aluminium demand. But "we remain bullish about aluminium's prospects towards the end of this year. However,

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■ COPPER, grade A (5 per tonne

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PRECIOUS METALS

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385.20-385.50 385.05 384.80

385.45-385.75 384.70-385.00

337.25

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ous close 384.20-384.60 Loco Ldn Mean Gold Landing Rates (Vs US\$)

E LONDON BULLION MARKET

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Dzy's High

Silver Fix Spot

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Close Previous High/low AM Official Kerb close

Close Previous High/low AM Official

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we are still waiting for the turnround in European demand that is necessary to turn the market firmly into a supply deficit".

ada's Noranda natural resources group, analyst Mr Martin Squires suggests that aluminium prices could be weak for another two months, and may even go as low at \$1.400 a tonne.

He says the fall in prices has been triggered by a slowing of global economic activity which led to a supply surplus in the past nine months - also partly caused by the re-starting of capacity shut down in the early 1990s - and by a build up of surplus stocks at consumers. Nevertheless, with little new capacity coming on stream and exports from Russian to western markets expected to remain flat at about 2.1m tonnes a year, Mr Squires says in the last quarter of 1996 prices should move back above

\$1,700 a tonne.

director of the Anthony Bird Associates independent consultancy, in his latest Aluminium Analysis report, points out that present relatively low prices At Rudolf Wolff, part of Canmight exacerbate the coming

supply deficit. It is very difficult for aluminium companies to proceed with much needed new smelters in face of today's metal prices." he insists. Prices need to be between \$1,655 and \$1,855 to justify new smelting capacity. "They will be forced above

that level before long." Bird is forecasting that there will be a 64,000 tonnes supply surplus this year following a deficit of 440,000 tonnes in 1995. Aluminium prices should average \$1,644 a tonne this year and rise to \$2,023 in 1997 when Bird sees a supply deficit of

493,000 tonnes developing. When supply tightness is at its worst in early 1999, it is difficult to predict just how high prices could go," Mr Bird warns. He suggests for the whole of that year aluminium

Pakistani cotton farmers play for high stakes

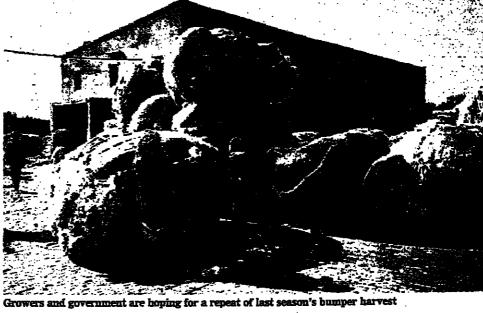
The success of the crop is vital for the country's economy, writes Farhan Bokhari

r Sadiq puace, stretches out on a charpoy under a cluster of trees, in the blistering afternoon heat, next to his two-scre cotton field. The elderly Pakistani farmer. who has planted cotton for the first time this year, hopes to reap huge rewards, like those many of his friends made from last VEST'S CTOD.

"I have planted cotton as an experiment," he says as he smokes his hookah. "If I succeed. I'll plant cotton across all my nine acres of crop land... I have spent a lot of money on seeds, pesticides and fertilisers, a large portion of my savings have gone to the cotton crop.

Both Mr Bhatti and his country have a lot staked on the cotton harvest. For the farmer, if the crop fails to come up to his expectations, he will probably not recover from the losses for a couple of years. For Pakistan, the success of this year's crop is vital for the future of the country's economy. Almost 60 per cent of Pakistan's exports are based on cotton products. Improved yields and a large harvest can lower the price of raw material in the local market and help cotton-using industries to widen their profit margins. In 1995-96 (spring to spring)

the Pakistani cotton crop recovered from a three year cycle of loss caused by frequent attacks of the notorious cotton leaf curl virus. That was the main reason that the cotton output exceeded the government's estimates and the country reaped over 10m bales



(375lb each). The big crop was the single factor that raised GDP growth to over 6 per cent. from about 4.5 per cent a year

But concerns have intensified over the expected yield from the next crop, largely due to early rainfalls this year. The monsoon, which began this month, was preceded by over a month of unexpected rains in parts of the Punjab province, which accounts for almost 80 per cent of Pakistan's cotton

A senior government official in Faisalabad, the de facto capital of Pakistan's agricultural

Islamahad, the federal capital, concedes that early rainfalls have intensified worries over possible pest attacks. He says: There have been alarming reports from many areas over traces of pest attacks, its too early to say if there's a large storm looming ahead". That assessment has cast doubt on the country's ability to reap its

r Mukhtar Ahmed Haleemi, director V general of research at the government's powerful Ayub Agricultural Research

target of almost 10.8m bales

from the next crop.

more cautious assessment. "There's more humidity and warmth in the weather," he says. "Our experts are aware that a combination of humidity and warmth can lead to pest attacks." Mr Haleemi also sug-

gests that it is still too early to

conclude that a large scale pest

attack is in progress. But many other experts disagree. Reports of adulteration of pesticides and concern over the rising prices of chemical fertilisers have added to anxieties. Although many cotton farmers saw their profits triple after the last crop, compared with just a year before, some

ing prices of urea and diamonium phosphate, which have risen by over (A) per cent in the past two to three years. One agricultural scientist in

Paisalabad says: "While farmers make money when there's a good cotton crop, there are also many among the poor farmers who are finding it increasingly difficult to keep up with the growing prices of fertilisers". The scientist is also bitter over reports of large scale adulteration of pesticides, which makes it increasingly difficult for farmers to secure a reliable defence against pest attack.

Mr Bhatti cites his own example. After he aprayed his crop recently he still found to his dismay that a local variety of pests kept on attacking he fields. He had to spray the crop a second time, the next day.

But Mr Haleemi says that recent development of new varieties, known to be more resistant to pest attacks. should belp Pakistan's crop to recover recent losses. He also points out that the start of the cotton barvest is still four months away, enough time for the crop to recover from any initial damage.

Senior government officials are hoping that the cotton crop will recover from its damage of recent weeks, after the early rains, especially if this year's monsoon is not prolonged beyond the usual two- to threemonth cycle. But one official in Faisalahad adds a note of catt

"Nobody controls nature," he

Australian minister plans to stick to wool sell-off timetable

By Nikki Tait in Sydney

Mr John Anderson, Australia's new federal resources minister. savs his "clear preference" is to stay with the existing legislated timetable for the sell-off of Australia's large wool stock-

Addressing the New South

it would still be technically ossible to amend the timetable for sales - which requires 182,000 bales to be sold every quarter - in the next session of parliament, but said he would not entertain any changes that caused Australia to be subject to "further international ridimaintaining confidence and re-establishing credibility" in the Australian industry, he stressed. The existing timetable lasts until July 1, 1997 and both the government and the industry are considering options after that. Growers are due to hold a conference in Canberra next month to dis-

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cuss their preferred rate of sales from mid-1997 onwards, and a ministerial "round table", made up of all interested parties, is scheduled to address the issue on August 30. Australia accounts for about 30 per cent of world wool pro-

Mr Anderson also said that

trying to find federal budget cuts of A\$8bn over the next two financial years was "close to a decision" on whether to retain the \$1.3hn-ayear diesel fuel rebute scheme. This is paid to diesel fuel users whose vehicles travel "offroad" - principally the farming and the mining industries.

ATRASE.

發發 医激性致热

the government's expenditure Mr Tony Bird, managing will average \$2,698 a tonne. COMMODITIES PRICES JOTTER PAD MEAT AND LIVESTOCK **BASE METALS** SOFTS GRAINS AND OIL SEEDS Precious Metals continued E GOLD COMEX (100 Troy oz.; \$/troy oz.) M COCOA LCE (E/h III LEVE CATTLE CME (40,000ths; cents/fbs) ■ WHEAT LCE (£ per tonne) **LONDON METAL EXCHANGE** M ALUMANUM 99.7 PURITY & per topne -0.5 - 10 --0.6 386.6 385.4 33,185 52,103 -0.4 389.5 388.4 1,047 10,882 -0.5 391.5 390.7 7,516 48,979 -0.5 393.4 393.4 1,012 8,707 -0.5 396.3 396.3 251 6,199 86.225 +0.475 66.350 85.408 68.88 28.093 88.150 +0.688 69.259 67.950 4.120 32.667 66.426 +0.750 66.500 65.450 2.858 16.514 64.350 +0.700 64.400 63.450 54.3 12.456 26 139 511 40,959 779 40,242 111.50 +1.00 111.50 111.45 1505-06 1498-9 1805 1023 1036 1052 117.50 +1.20 117.50 117.50 119.75 +1.25 - -122.00 +2.25 - -1462.5-3.5 870 38,486 342 19,968 1470 1510/1502 231,100 ■ PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) +8 1363 1351 3,907 23,580 +6 1398 1399 1,065 18,376 +6 1429 1420 230 15,805 \$8,975 +1.175 59,250 57,600 4,149 10,859 53,750 +0.675 54,225 52,800 1,728 11,989 1361 1397 1427 443.75 +2.75 444.50 434.00 9,081 27,801 III ALUMINIUM ALLOY (\$ per torke 45250 +3.75 453.00 442.00 9,640 28,475 451.75 +2.00 454.00 443.50 1,835 6,319 54.750 +0.550 55.125 54.150 1,063 8,203 277 2,885 5 2,248 1285/1280 1282-85 1280-85 High/low AM Official 73.800 +0.175 73.200 72.300 77.800 +0.106 77.900 77.150 Jul Dec Total 1455 1478 5,940 5,187 Apr Jess Total Kerb close M PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) 132.35 -2.50 134.50 125.50 283 8,550 133.50 -2.60 135.75 132.50 103 1,322 134.60 -2.60 - - 62 135.65 -2.60 - - 107 III COCOA (ICCO) (SDR's/tonn 93.400 +2.000 93.400 90.400 87.750 +1.125 88.625 85.200 EL LEAD (5 per to

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•	19.44	+0.07	19.48	19.30	5,164	38,480							•
ri.	19.16	+0.07	19.17	19.02	2,593	27,198	Jan S	24.36	-0.09				
b	18.91	+0.03	18.93	18.76	430	19,866	Sep	24.55	-0.13				
iei					94,508	353,968	Oct	24.76	-0.11	24.77	24.47	754	
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9	19.26		19.31	19.04	10,283	78,900	= 501	ABEAN	MEAL	CRI (OU TON	£ 2/10N	<u> </u>
ŧ	18.85		18.90	18.67		29,742	Ang	243.8	-0.1	244.0	240.2	7,649	20.98
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c	57.40	+0.32	57.55	55.85	3.766	23,136	_						1,37
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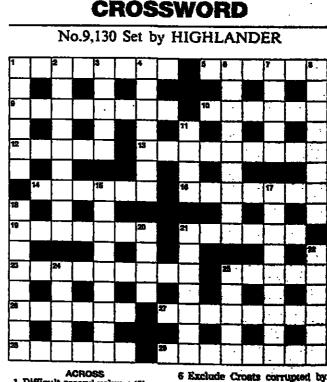
4 7 45 +5 +5 +7

1080 1080 1080 1088 1120 1115

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	WOOL
	The British wool auction in Bradford this week
	saw firmer prices against lest month. However.
	demand was by no means bouvent and 20%
	remained unsold. Carpet wool categories were
4	
	in relatively better demend then topmaking
	categories. Wool markets remain untested and
ı	everyone is waiting for next week's Australian
ı	auctions. Offerings for these auctions are not
1	brose and growers there are appearently still
1	unwiting to sell except at batter prices. The
	accumulation of unsold wool in buyer's hands
	le a major factor in calculations of how the
ı	market will move in the present 1996/97 sea-
	son. Dawson international's decision to close
	its commission woolcombing operation and
	move part of its cashmere operation to China
	as part of the companies restructuring indi-
	cates world over-capacity in wool combing and
	unorofizibility in the sector.

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_							LONDON CDC	T		_
Gct Mar	11.73	+0.04	11.78 11.39			73,828	LONDON SPO		KEI	S
Hey		+0.02	11.09			38,706	M CRUDE OIL FOR (per	г Балге й		+01-
, Jej		+0.02	10.82	10,76		12,423	Dubal	\$17.64-7.7	-	
Oct			10.67			6,133	Brent Blend (dated)	\$19.45-9.4		+0.25 0.135
Her	10.47	-	10.50	10.48	-	539	Brent Bland (Sep)	\$19.62-9.6		0.135
Total						148,064	W.T.I.	\$20.05.00	· .	
= 00	TON NY	<u>CE (50,</u>	000lbs;	cents/l	bs)		M OIL PRODUCTS NWE	prompt delive	ry CIF	(torme)
Öct	71.97	-0.88	73.10	71.95	606	7.659	Premium Gasoline			
Dec	72.57	-0.56	73.50			32,332	Gas Oil	\$208-210		
liber -	74.01	-0.45	74.85	74.00		7,304	Heavy Fuel Oil	\$181-182 \$87-89	•	-1
May				74.60		5,678	Nacitha	\$192-194		
700		-0,20		75.30	47	4,137	Jet fuel	\$207-209		
Oct	76.10	+0.35	75.70	75.70	15	962	Diesel	\$199_104		
Total										
						60,871	E NATURAL GAS (Perc	e/therm)		
■ OR/	ange ju	CE NY	CE (15,	000 R bs;				e/therm)		
■ OR/		1			cents	/lbs)	Bacton (Aud)	9 ^{therm})	_	
	113.65	+0.70	114,40	112.40	cents, 1,050	(Ibs) 11,897	Bacton (Aug) Petroleum Argus, Tel. Londo	9 ^{therm})	_	
Sep Nov Jan		+0.70 +0.40	114.40 111.00	112.46 109.60	cents, 1,050 148	/lbs)	Bacton (Aud)	9 ^{therm})	_	
Sep Nov Jan Mar	113.65 110.50	+0.70 +0.40 +0.45	114,40 111,00 111,00	112.40 109.60 109.25	cents, 1,050 148	/(bs) 11,897 3,565	Bacton (Aug) Potroleum Argus. Tel. Londo El OTHER Gold (per troy oz)	13.25-13.3 n (0171) 359 8	Q 792	40.85
Sep Nov Jus Mar Mar	113.65 110.50 110.50 112.15 113.90	+0.70 +0.40 +0.45 +0.45 +0.45	114,40 111,00 111,00 112,20	112.40 109.60 109.25	1,050 148 244 25	/lbs) 11,897 3,565 4,270	Becton (Aug) Petrolum Argus. Tel. Londo CTHER Gold (per tray oz)\$ Silver (per tray oz)\$	13.25-13.3 n (0171) 359 8 \$385.05 499.50c	Q 792	0.65
Sep Nov Jun Har Hay Jul	113.65 110.50 110.50 112.15	+0.70 +0.40 +0.45 +0.45 +0.45	114,40 111,00 111,00 112,20	112.40 109.60 109.25 111.50	1,050 148 244 25	11,897 3,565 4,270 562 218 164	Becton (Aug) Petroleum Agus. Tel. Londo III CTTHER Gold (per troy oz)\$ Silver (per troy oz)\$ Patinum (per troy oz)\$	13.25-13.3 n (0171) 359 8 \$385.05 499.50c	792	0.65
Sep Nov Jus Mar Mar	113.65 110.50 110.50 112.15 113.90	+0.70 +0.40 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25	7(0s) 11,897 3,565 4,270 562 218	Becton (Aug) Petroleum Agus. Tel. Londo III CTTHER Gold (per troy oz) Silver (per troy oz) Palladium (per troy oz) Palladium (per troy oz)	13.25-13.3 n (0171) 359 8 \$385.05 499.50c	792	
Sep Nov Jun Har Hay Jul	113.65 110.50 110.50 112.15 113.90	+0.70 +0.40 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25	11,897 3,565 4,270 562 218 164	Bacton (Aug) Potodum Argus. Tel. Londo CTHER Gold (per troy oz) Siver (per troy oz) Platinum (per troy oz.) Paliadium (per troy oz.) Copper	13.25-13.3 n (0171) 359 8 \$385.05 499.50c	192	2.00
Sep Nov Jun Har Hay Jul	113.65 110.50 110.50 112.15 113.90	+0.70 +0.40 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25	11,897 3,565 4,270 562 218 164	Becton (Aug) Perolum Argus, Tel. Londo CTHER Gold (per troy cc)\$ Silver (per troy cc)\$ Patinum (per troy cc.) Patinum (per troy cc.) Copper Lead (US prod.)	9/therm) 13.25-13.3 n (9171) 359 8 \$385.05 499.50c \$395.75 \$131.65	192	2.00 2.00
Sep Nov Jun Har Hay Jul	113.65 110.50 110.50 112.15 113.90	+0.70 +0.40 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25	11,897 3,565 4,270 562 218 164	Becton (Aug) Petroleum Agus. Tel. Londo III CTHEP! Gold (per troy oz)\$ Silver (per troy oz)\$ Patinum (per troy oz.) Patiedium (per troy oz.) Copper Lead (US prod.) Tin (Kusta Lumpur)	13.25-13.3 n (0171) 359 8 \$385.05 499.50c \$395,75 \$131.65 99.0c 45.00c 15.26r	192	2.00 2.00
Sep Nov Jun Har Hay Jul	113.65 110.50 110.50 112.15 113.90	+0.70 +0.40 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25	11,897 3,565 4,270 562 218 164	Bacton (Aug) Petrolaum Argus. Tal. Londo III CTTHER Gold (per troy oz) Silver (per troy oz) Patiedium (per troy oz) Patiedium (per troy oz) Copper Lead (US prod.) Tin (Kuala Lumpur) Tin (New York)	13.25-13.3 n (0171) 359 8 \$385.05 499.50a \$395.75 \$131.65 99.0e 45.00a	192	2.00 2.00
Sep Nov Jun Har Hay Jul	113.65 110.50 110.50 112.15 113.90	+0.70 +0.40 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25	11,897 3,565 4,270 562 218 164	Bacton (Aug) Potolium Argus. Tel. Londo CTHER Gold (per troy ox) Siver (per troy ox) Platinum (per troy ox.) Paliadium (per troy ox.) Copper Lead (US prod.) Tin (Kuala Lumpur) Tin (Kesa York) Cattle five weight)	13.25-13.3 n (0171) 359 8 \$385.05 499.50c \$395,75 \$131.65 99.0c 45.00c 15.26r	1	2.00 2.00
Sep Mor Jus Mar Mar Jul Total	113.65 110.50 110.50 112.15 113.90 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25	11,897 3,565 4,270 562 218 164	Becton (Aug) Petrolium Argus. Tel. Londo III OTHER Gold (per troy oz) Silver (per troy oz) Palfadium (per troy oz.) Palfadium (per troy oz.) Copper Lead (US prod.) Tin (Kusla Lumpur) Tin (Kusla Lumpur) Tin (New York) Cattle five weight) Sheep (live weight)	13.25-13.3 n (0171) 359 8 \$385.05 499.50c \$395,75 \$131.65 99.0c 45.00c 15.25 290.50	1	2.00 2.00 +4.0
Sep Nov Just Hear Hiter Jul Yotal	113.65 110.50 110.50 112.15 113.90 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25 -	7(54) 11,897 3,565 4,270 562 216 164 20,778	Bacton (Aug) Petrolium Agus. Tal. Londo III CTHEP! Gold (per troy oz)\$ Silver (per troy oz)\$ Paliadium (per troy oz.) Paliadium (per troy oz.) Copper Lead (US prod.) Tin (Kusia Lumpur) Tin (Nusia Lumpur) Tin (Nusia Lumpur) Sineep (live weight) Sineep (live weight) Pigs (live weight)	9/therm) 13.25-13.3 n (0171) 359 8 \$385.05 499.50a \$395.75 \$131.65 99.0c 45.00a 15.25c 290.50 99.38p	0 792 4	2.00 2.00 +4.0
Sep Mor Just Mer Mer Jul Yotal VOL,	113.65 110.50 110.50 112.15 113.90 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20	112.40 109.60 109.25 111.50	1,050 148 244 25 - 1,467	(Iba) 11,897 3,565 4,270 562 218 164 20,778	Bacton (Aug) Petrolum Argus. Tal. Londo III OTHER Gold (per troy ox) Silver (per troy ox) Patinum (per troy ox) Patinum (per troy ox) Patinum (per troy ox) Patinum (per troy ox) Tin (Kuala Lumpur) Tin (New York) Cattle five weight) Figs (live weight) Lon. day sugar (raw)	13.25-13.3 n (9177) 359 8 \$385.05 \$495.00 \$395.75 \$131.65 99.00 45.00c 15.25c 290.50 99.38p 97.28p	0 792 4	2.00 2.00 +4.0 0.85*
Sop Mor Just Mary Jul Yotal VOL, Open contr	113.65 110.50 110.50 112.15 113.90 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20 	112.40 109.50 109.25 111.50 - - - - - -	1,050 148 244 25 - 1,467	(ba) 11,897 3,565 4,270 562 218 164 20,778	Bacton (Aug) Potodium Argus. Tel. Londo CTHER Gold (per troy ox)\$ Silver (per troy ox)\$ Platinum (per troy ox.) Palisadium (per troy ox.) Copper Lead (US prod.) Tin (Kusia Lumpur) Tin (Kusia Lumpur) Tin (Kesa York) Cattle filve weight) Sheep (live weight) Lon. day sugar (raw) Lon. day sugar (raw) Lon. day sugar (wte)	13.25-13.3 n (0177) 359 8 \$385.05 \$499.50c \$395.75 \$131.65 \$9.00c 15.25c 290.36p 97.28p 107.42p \$3163.10	0 792 4	2.00 2.00 +4.0 0.85*
Sup More Just Mare Mary Juli Yotal Open contro NYC Uday	113.65 110.50 110.50 112.15 113.90 115.40 UME DAT 1 Interest racts trade	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 A and on SCE a	714.40 111.00 111.00 112.20 	112.40 109.50 109.25 111.50 - - - dista X, NY Crude	1,050 148 244 25 - 1,467	(ba) 11,897 3,565 4,270 562 218 164 20,778	Bacton (Aug) Petrolium Agus. Tal. Londo III CTHEP! Gold (per troy oz) Silver (per troy oz) Paliadium (per troy oz.) Paliadium (per troy oz.) Copper Lead (US prod.) Tin (Kusia Lumpur) Tin (Ness York) Cettle five weight) Silvep (live weight) Lon. day sugar (raw) Lon. day sugar (vte) Sarley (Ena. leach)	13.25-13.3 n (9171) 359 8 \$385.05 \$499.50c \$385.75 \$131.65 99.0e 45.00c 15.25 290.50 99.38p 97.28p 107.42p \$310.80 \$333.10 Unq	792	2.00 2.00 +4.0 0.85* 5.42* 5.03*
Sup More Just Mare Mary Juli Yotal Open contro NYC Uday	113.65 110.50 110.50 112.15 113.90 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 A and on SCE a	714.40 111.00 111.00 112.20 	112.40 109.50 109.25 111.50 - - - dista X, NY Crude	1,050 148 244 25 - 1,467	(ba) 11,897 3,565 4,270 562 218 164 20,778	Bacton (Aug) Petrolium Agus. Tal. Londo III CTTHER Gold (per troy oz) Silver (per troy oz) Palisdium (per troy oz) Palisdium (per troy oz) Palisdium (per troy oz) Tin (Nusla Lumpur) Tin (Nusla Lumpur) Tin (Nusla Lumpur) Tin (New York) Cattle five weight) Sheep (live weight) Lon. day sugar (raw) Lon. day sugar (raw) Lon. day sugar (raw) Lon. day sugar (etc) Barley (Eng. teed) Matze (US No3 Yellow)	97herm) 13.25-13.3 n (977) 359 8 \$385.05 499.50 \$395.75 \$131.65 99.00 45.00 15.25 290.50 99.38 99.728 91.742p \$310.80 \$363.10 Unq \$187.0x	792	2.00 2.00 +4.0 0.85*
Sup More Just Mare Mary Juli Yotal Open contro NYC Uday	113.65 110.50 110.50 112.15 113.90 115.40 UME DAT 1 Interest racts trade	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 A and on SCE a	714.40 111.00 111.00 112.20 	112.40 109.50 109.25 111.50 - - - dista X, NY Crude	1,050 148 244 25 - 1,467	(ba) 11,897 3,565 4,270 562 218 164 20,778	Bacton (Aug) Petrolum Argus. Tal. Londo III OTHER Gold (per troy ox) Silver (per troy ox) Pathadium (per troy ox) Pathadium (per troy ox) Pathadium (per troy ox) Tin (Kuala Lumpur) Ti	9/therm) 13.25-13.3 n (0171) 359 8 \$385.05 499.50 \$395.75 \$131.65 99.0e 45.00e 15.25 290.50 99.389 97.289 107.42p \$310.80 \$363.10 Unq \$187.0x Unq	792	2.00 2.00 +4.0 0.85* 5.42* 5.03*
Sup More Mare Mary Jul Yotal Open conto day i are f	113.65 110.50 110.50 112.15 113.90 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 A and on SCE a	714.40 111.00 111.00 112.20 	112.40 109.50 109.25 111.50 - - - dista X, NY Crude	1,050 148 244 25 - 1,467	(ba) 11,897 3,565 4,270 562 218 164 20,778	Bacton (Aug) Petrolium Argus. Tal. Londo III OTHER Gold (per troy oz) Silver (per troy oz) Paliadium (per troy oz.) Paliadium (per troy oz.) Paliadium (per troy oz.) Copper Lead (US prod.) Tin (Kuala Lumpur) Tin (Kuala Lum	13.25-13.3 n (9177) 359 8 499.50n \$395.75 \$131.65 99.0e 45.00c 15.25r 290.50 99.38p 97.28p 107.42p \$310.80 \$363.10 Unq \$187.0x Unq \$1.00p	792	2.00 2.00 +4.0 0.85* 5.42* 5.03*
Sup More Mare Mary Jul Yotal Open conto day i are f	113.65 110.50 110.50 112.15 113.90 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 A and on SCE a	714.40 111.00 111.00 112.20 	112.40 109.50 109.25 111.50 - - - dista X, NY Crude	1,050 148 244 25 - 1,467	(ba) 11,897 3,565 4,270 562 218 164 20,778	Bacton (Aug) Petrolium Agus. Tal. Londo III CTHEP! Gold (per troy oz) Silver (per troy oz) Silver (per troy oz) Paliadium (per troy oz) Paliadium (per troy oz) Paliadium (per troy oz) Copper Lead (US prod.) Tin (New York) Cattle five weight) Sheep (live weight) Lon. day sugar (raw) Lon. day sugar (raw) Lon. day sugar (wte) Barley (Eng. lead) Malze (US No3 Yellow) Wheat (US Dark North) Paubber (Aug) Faubber (Sap)	13.25-13.3 n (0171) 359 8 499.50c 3395.75 \$131.65 99.0c 45.0c 45.0c 45.0c 15.25 290.50 97.28p 107.42p \$310.80 \$363.10 Unq \$187.0x Unq \$1.00p \$1.00p	0 792	2.00 2.00 +4.0 0.85° 15.42° 5.03°
Sup More Just Mary Jul Yotal Yotal Open contr NYC day i are 5	113.65 110.50 110.50 112.15 113.90 115.40 UME DAT interest trades C CME, C CME,	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45	Volume COME	112.40 109.50 109.25 111.50 - - - data X, NY/ Crude pen Int	1,050 148 244 25 - 1,467	(ba) 11,897 3,565 4,270 562 218 164 20,778	Bacton (Aug) Petrolium Argus. Tal. Londo III OTHER Gold (per troy oz) Silver (per troy oz) Paliadium (per troy oz.) Paliadium (per troy oz.) Paliadium (per troy oz.) Copper Lead (US prod.) Tin (Kusia Lumpur) Tin (Ness York) Cattle filve weight) Sincep (live weight) Pigs (live weight) Lon. day sugar (raw) Lon. day sugar (raw) Lon. day sugar (wie) Barley (Eng. lead) Malze (US Dark North) Rubber (Sug)	97herm) 13.25-13.3 n (977) 359 8 \$385.05 499.50 \$395.75 \$131.65 99.06 45.00 15.25 290.50 99.38p 97.28p 107.42p \$310.80 \$363.10 Ung \$187.0x Ung \$1.00p \$1.00p \$335.50m	0 792	2.00 2.00 +4.0 0.85* 5.42* 5.03*
VOLUCION STATE OF STA	113.65 110.50 110.50 112.15 113.90 115.40 UME DAT interest trade C CME, C CME, C in emeans, or all trad	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.20 112.20 COME COME nd IPE se & Onthe	112.40 109.50 109.25 111.50 - - - - - - - - - - - - - - - - - - -	1,050 148 244 25 	(Dea) 11.897 3.565 4.270 562 218 164 20,778	Bacton (Aug) Petrolium Argus. Tal. Londo III OTHER Gold (per troy oz) Silver (per troy oz) Paliadium (per troy oz.) Paliadium (per troy oz.) Paliadium (per troy oz.) Copper Lead (US prod.) Tin (Kusia Lumpur) Tin (Ness York) Cattle filve weight) Sincep (live weight) Pigs (live weight) Lon. day sugar (raw) Lon. day sugar (raw) Lon. day sugar (wie) Barley (Eng. lead) Malze (US Dark North) Rubber (Sug)	13.25-13.3 n (9177) 359 8 \$385.05 \$495.50 \$395.75 \$131.65 \$9.00 15.25 290.38 97.28 107.42 \$316.00 Unq \$187.0x Unq 91.00 91.00 91.00 335.50m 770.00w	0 792	2.00 2.00 +4.0 0.85* 5.42* 5.03*
Sep More Just Mary July Yotal Yotal Open control of the July July July Mary July Mary July Mary July July July July July July July Jul	113.65 110.50 110.50 112.15 113.90 115.40 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 +0.45	114.40 111.00 111.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00 112.00	112.40 109.50 109.50 111.50 	1,650 148 244 25 	7 age	Bacton (Aug) Petrolium Argus. Tal. Londo III OTHER Gold (per troy oz) Silver (per troy oz) Paliadium (per troy oz.) Paliadium (per troy oz.) Paliadium (per troy oz.) Copper Lead (US prod.) Tin (Kusla Lumpur) Tin (Kusla Lum	13.25-13.3 n (9171) 359 8 \$385.05 499.50c \$385.75 \$131.65 99.0e 45.00c 15.25c 290.50 97.28p 107.42p \$310.80 \$187.0x Unq \$1.00p 335.50m 770.00w \$462.5	0 792	2.00 2.00 +4.0 0.85° 15.42° 5.03°
VOLUMENT STATES OF THE STATES	113.65 110.50 110.50 112.15 113.90 115.40 115.40 115.40 115.40 115.40 115.40	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 +0.45 ************************************	114.40 111.00 111.00 112.20 11	112.40 109.50 109.55 111.50 	1,650 148 244 25 	(Dea) 11.897 3.565 4.270 562 218 164 20,778	Bacton (Aug) Petrolium Argus. Tal. Londo III OTHER Gold (per troy oz) Silver (per troy oz) Paliadium (per troy oz) Paliadium (per troy oz) Paliadium (per troy oz) Paliadium (per troy oz) Copper Lead (US prod.) Tin (Kusla Lumpur) Tin (Kusla L	13.25-13.3 13.25-13.3 19.077) 359 8 499.50c 499.50c 45.00c 15.25c 290.50 97.28p 107.42p \$310.80 \$310.80 \$187.0x Unq \$1.00p 335.50m 779.00w \$462.5 \$506.0w	0 792	2.00 2.00 +4.0 0.85* 5.42* 5.03*
VOLUMENT STATES OF THE STATES	113.65 110.50 110.50 110.50 112.15 113.90 115.40 Unite DAT Interest Acts tread E. CME, Cin streams or all tread	+0.70 +0.40 +0.45 +0.45 +0.45 +0.45 +0.45 +0.45 ************************************	114.40 111.00 111.20 112.20 112.20 112.20 112.20 12.20	112.40 109.50 109.55 111.50 	1,050 148 244 25 	7 age 18.2	Bacton (Aug) Petrolium Argus. Tal. Londo III OTHER Gold (per troy oz) Silver (per troy oz) Paliadium (per troy oz.) Paliadium (per troy oz.) Paliadium (per troy oz.) Copper Lead (US prod.) Tin (Kusla Lumpur) Tin (Kusla Lum	13.25-13.3 13.25-13.3 19.077) 359 8 499.50c 499.50c 45.00c 15.25c 290.50 97.28p 107.42p \$310.80 \$310.80 \$187.0x Unq \$1.00p 335.50m 779.00w \$462.5 \$506.0w	0 792	2.00 2.00 +4.0 0.85* 5.42* 5.03*



ACROSS 1 Difficult second volume (8) pronounced views (9)
7 Throw wild party (5) Cold and tender chest (6) 8 Base line when call is in (8)
11 Rising in the morning, out of bed with cat (4) 10 Type of flight one found tween planets (6) 12 Old group mostly better (5) 13 Algerian in a bad way, round 15 Siept in squalid surroundings, queen in bed underneath (i) 17 Plant after a month, it's stuthe bend with pain (9) 14 Very small tree destroyed by

pid to go over (8)

18 Symphonic piece by Light?

You need to open up space.

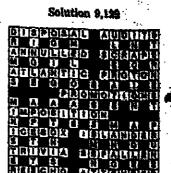
Or printing (4.4) 16 Servant girl heard in monks house (blast!) (7) 19 Old boys' smoke forms cloud 20 Amount English raised for (7) birds (4)
Diocese has to cut playground 21 Was sold off, suggesting there equipment (6)
23 Going to China possibly tied 22 Called to organise Hoxer ris-

behind broken sest (9) 25 Animal, bashful, starts to Works in France whore movement has lost its leading man 27 Boycott on member, one tak-

ing up striker's position (8) age to ensure sucress of Chimney cleaner's more expensive but shifts rubbish

1 Defeat in field event (6) Supervise a bad-tempered meet, but unintentionally 3 Fight Brazil, overybody said

one not supporting



will be maximum inconve

24 Keen on southern food (5)

25 100 yen in secret store (5).

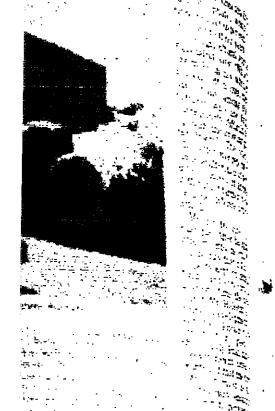
ing (4,2)

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CA CR Fresh Recognition - E4 7, 4 95
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| Description | Color | Color

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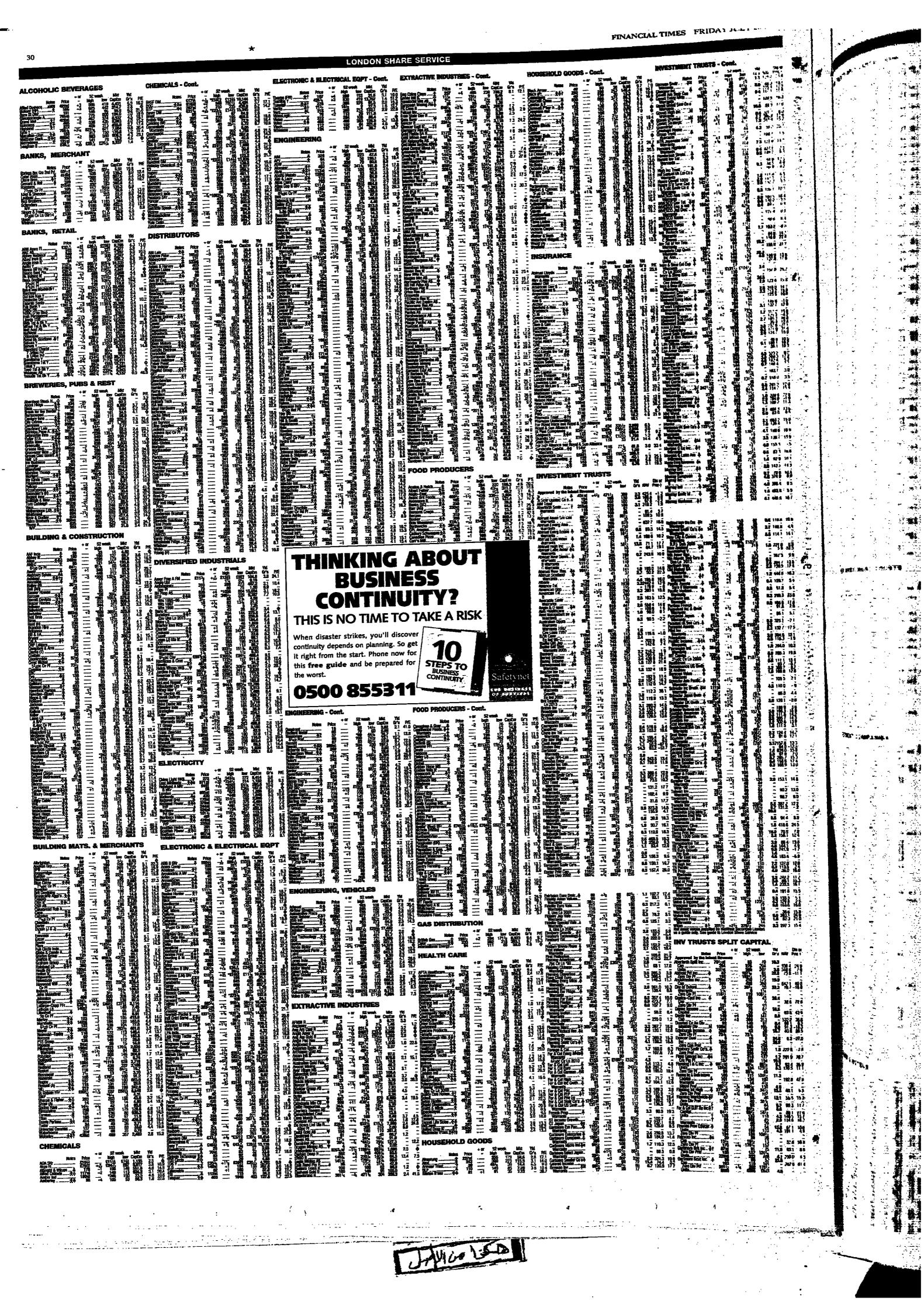
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LONDON STOCK EXCHANGE

Footsie progresses as IBM news lifts Wall Street

By Steve Thompson, UK Stock Market Editor

Wall Street's latest roller-coaster ride saw US stocks on the uptick and helped invigorate an otherwise nervous London equity market.

UK stocks closed near the day's best levels, which were reached early in the session, but needed a big boost from the Dow Jones Industrial Average, which shot up over 70 points at the outset of trading in New York.

Buying of the US market was fuelled by well-received results from IBM, the bluest of US blue chips. and a good showing by US Treasury bonds after some encouraging economic news on durable goods, existing home sales and weekly jobless

The FT-SE 100 ended a net 15.9 higher at 3,684.7, while second-tier stocks, represented by the FT-SE Mid 250 index, were lifted by bid activity and rose 23.3 to 4,205.3.

Among a host of positive stories in London the defence and aerospace issues were given a substantial boost by confirmation of a series of UK Ministry of Defence orders, which prompted above average gains in British Aerospace and Rolls-Royce and also bolstered GEC and Racal Electronics.

Other stories adding to the momentum in London included a

retailer, whose chairman told investors and analysts at the annual meeting of a good rise in first quar-

The sales story tied in with recent evidence of buoyant high street sales from various bodies, including the British Retail Consortium and the John Lewis Partnership.

Adding to the optimism was Wednesday's stronger-than-expected 1.3 per cent rise in retail sales during June.

Retail stocks featured prominently in the list of FT-SE 100 and Mid 250 outperformers, where an impressive performance from Boots

bullish review of first quarter trad-ing at Boots, the high street Sears and WH Smith,

There was a downside story in the sector however. Dixons shares posted the worst individual showing in the FT-SE 100 after a critical report in one of the industry's trade magazines and fears that the failure of Escom, the computer retailer, might see 'fire-sale' price cuts of the latter's stock.

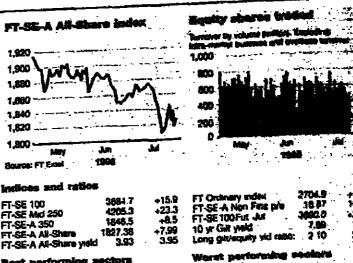
Christian Salvesen, the contract distributor, shot to the top of the Mid 250 after confirmation of recent market rumours that it had received a bid approach from Hays.

the transport group. There was widespread support for high street banks ahead of this

morning's results from Lloyds TSB the first UK bank to report interims. Dealers noted the excellent figures earlier this week from Lloyds Abbey Life and good number yesterday from Cheltenham and

On the downside, ICI revealed disappointing second quarter profits. which were only partly offset by a good increase in the dividend.

At the 6pm count, volume was 586.Im shares, and was boosted by heavy activity in Bank of Scotland associated with the sale of around 30 per cent of Standard Life's 32 per cent stake. Retail business on Wednesday was valued at £1.49bn.



FT-SE 100 FT-SE-A 350 Turnover was again uninspiring. FT-SE-A All-Share yield Best performing sectors Braweries: Public & Please .+1.0 ..+1.0 FUTURES AND OPTIONS

Dixons under pressure

A call for the Department of Trade and Industry to "forcibly reform" warranties in the electrical market was responsible for Dixons slipping to the bottom of the Footsie performance charts.

The demands came from Marketing Week, the influential retail trade magazine, which said that electrical retailers were continuing to flout an Office of Fair Trading demand for greater transparency in the sale of electrical warranties - a £400m-a-year market - and were even failing to meet the requirements of their own code.

Marketing Week, which specifically criticised Dixons, said that the OFT, which is reviewing the code, should recommend strong action by the DTL That will be a painful experience for the electrical retailers and not least their bottom lines," said the magazine.

Analysts said that the attack on warranties was not a new one, but it served to remind the market of potential risks.

One said that the news that there were new entrants into the electrical goods insurance market may force retailers to be more competitive in the pricing of their warranties.

Dixons shares ended 13% lower at 479% with sentiment also overshadowed by the news that the receiver at Escom, the big computer retailer, could be forced to sell-off the group's

shares will recommence on 20th August, 1996.

Nominal

£391,696

£301,370

UBS Limited

100 Liverpool Street London EC2M 2RH

£1,675,648

Number

1,675,648

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Value

stock in the absence of an immediate buyer for the busi-

A positive agm statement by Boots, in particular in relation to Do It All, helped lift it 15 to 599p. UBS nudged its forecast up £5m to £540m while ABN-AMRO Hoare Govett moved the stock from "overvalued" to

Boots injected some excitement into DIY stocks, including Kingfisher, which rose 41/2 to 625p. Body Shop rose 11 to 193p, a move which one analyst said may have been related to reports of Boots the Chemists making progress with beauty products.

ICI decline

International chemicals group ICI was friendless as analysts downgraded full year profit expectations, in the wake of disappointing second quarter figures.

The shares tumbled 17 to 761p, in heavy trading of 7.3m as profit estimates were brought down from around 9830m to the £700m mark. Dealers said sentiment in the

stock was likely to remain cau-

tious though analysts suggested the rise in the interim dividend should help provide support for the share price on yield considerations. ABN Amro Hoare Govett was said to be among those urging investors to buy the shares believing them to be "undervalued".

Christian Salvesen was elevated to the top of the FT-SE Mid 250 performance charts following news that rival contract distributor Hays had made a bid approach. Salvesen shares jumped

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Application has been made to the London Stock Exchange for the whole of the issued ordinary share

capital and the 11% per cent. cumulative preference share capital of Forminster P.L.C. to be

readmitted to the Official List. It is expected that readmission will become effective and dealings in the

FORMINSTER P.L.C. (Incorporated in England and Wales under the Companies Act 1985 registered number 491573)

Proposed Acquisition

Adjustbetter Limited

(Trading as Kookāi)

Share Capital following the Acquisition

Ordinary shares of 2p each 11% per cent. cumulative

preference shares of £1 each

Convertible

redeemable shares of 2p each

Copies of the Listing Particulars relating to Forminster P.L.C. are available for collection during normal business hours on any weekday (Saurdays and public holidays excepted) from the Company Announcements Office of the London Stock Exchange, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London, EC2N 1HP from the date of this notice up to and including 10th August, 1996 and at the registered office of Football P.L.C. and UBS Limited from the date of notice up to and including 10th August, 1996.

subscribe for or purchase any of the ordinary shares in Forminster P.L.C..

more than 20 per cent, adding 60 to 349p and hoisting the company's market capitalisation to £930m. Hays retreated 26 to 414n as analysts speculated on a sizeable rights issue to underpin any takeover fin-

The bid front was also kept active by an agreed 237p a share agreed offer for conglor erate Suter from Ascot Holdings. Suter put on 18 to 215p in 7.9m traded. Ascot closed off 27 at 334 for a two-day decline of more than 9 per cent. Property leaders put on a

strong showing ahead of today's monthly report from the Investment Property Datahank. MEPC jumped almost 5 per

cent, adding 19 to 425p while Slough Estates closed 6 higher at 221p. Land Securities rose 15 to 639p in 2.2m traded. Vol-

umes generally were good. Recent news from the IPD has been all about improving

Issued and fully paid

Number

9.746.504

1,675,648

15,068,493

Forminster P.L.C.

8 Baker Street

WIM IDA

Vomina

£194,930

£301,370

£1,675,648

26th July, 1996

Value

on the sector. News that British Aerospace had duly won the \$2bn contract to replace the the ageing

commercial rents and asset

values, and some brokers have

recently turned more positive

fleet of Nimrod maritime natrol aircraft made for an active day in the defence sec-Racal, which along with GEC is to share in the ayionics

supply, ended 3 lower at 275p, but racked up its best single session turnover for six months. At the other end of the spectrum, engines supplier Rolls-Royce rose more than 3 per cent, adding 71/2 to 224p. BAe ended 18 higher at 943p, GEC hardened to 383%p in 12m

The Somerfield flotation appeared to be on track, albeit at a nearly 25 per cent downgrade from the original offer price, after what one analyst described as "an outstanding

BRITANNIA

BUILDING SOCIETY

Issue of up to

£50,000,000

Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three mouth interest period from (and including) 25th July 1996 to (but excluding) 25th October 1996 the Notes will carry arate of interest of 6 44792, or years for assum. The

6.44792 per cent per annum. The relevant interest payment date will relevant interest payment date will be 25th October 1996. The compon amount per £1,000,000,00 Note will be £16,207.89 payable against surrender of Coupon No: 27.

Hambros Bank Limited

Advance Bank Australia

Floating Rate Notes 2000

The notes will bear interest at 5,775% per annum for the interest period from 26 July 1996

payable value 28 October 1996 will amount to US\$150.79 per

Agent: Morgan Guaranty Trust Company

JPMorgan

Limited

US\$300,000,000

FINANCIAL TIMES EQUITY INDICES

	Jul 25	Jul 24	Jul 23	Jul 22	Jul 19	Yr ago	1High	۳۵۳
Ordinary Share	2704.9	2692.8	2713.4	2696.7	2717.8	2590.2	2885.2	2668.8
Ord. div. yield	4.20		4.14				4.17	3.76
P/E ratio net	15.96	15.92	16.21	16.10	15.24	15.19	17.25	15.80
P/E rable nel		15.76					17.03	15.71
Ordinary Share Inde	a mince co	mpdation;	high 2885.	2 19/04/95	t tow 49.4	2 6/08/4 0.	. Base Dubi	17735

traded.

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High Low 2695.4 2705.3 2696.5 2694.7 2697.3 2696.9 2698.5 2705.5 2706.1 2707.0 2694.1

	Jul 25	Jul 24	Jul 23	Jul 22	Jak 19_	Yr ago
SEAQ bergains	24,518	26,488	25,479	26,762	27,014	22,600
Equity lumover (2m)†	_	1493.9	1376.1	1325.5	1687.3	1700.7
Equity bargainst	_	28.614	29,132	29,783	33,832	32,797
Shares traded (mit)	_	487.4	486.9	452.4	567.9	6B3.4
†Baduding intra-market but	inees, and o	verstes tunc	Xer.			
	5 Jul 24	Jut 23	Jul 22 Jul	19 Yr ad	9 1Heh	"Low

1049 10 1048 40 1055 20 1051 50 1057 70 - 1140,40 965,70

LIFFE Equity option 654 517 Total Highs Total Lows Pubs Jul 25 "Data based on Equity shares listed on the London Sh

bit of stockbroking" and another called a "last minute

Earlier this month an indicative price range for the UK's fifth largest supermarket chain was set at 185p a share but later reduced to 160p a share. Yesterday, however, the flotation seemed to be struggling and Somerfield's advisers returned to institutions which had levels of commitment at the close of trading on Wednesday. The result was that more committments were made at 1450 a share which then stimulated incremental demand.

It is understood that no orders were solicited, or received from debt traders or bond holders. Somerfield will now come to the market on August 9, a week later than

Bank of Scotland recorded the day's highest volume at 42m, following Thursday's close of Standard Life's secondary offering of most its holding in the bank.

However, there was some talk late in the session that BZW, which organised the book building process, may have been left with a small proportion of the stock. Bank of Scotland shares

closed 1/2 ahead at 2321-p. In the rest of the sector. Lloyds TSB which today kicks off the reporting season for UK retail banks, gained 12 to 340¹-p. Sentiment was boosted by

favourable figures from mortgage subsidiary Cheltenham & Gloucester as well as Thursday's healthy interios from Lloyds Abbey Life. Credit Lyonnais expects

interim profits to rise by around 10.7 per cent to

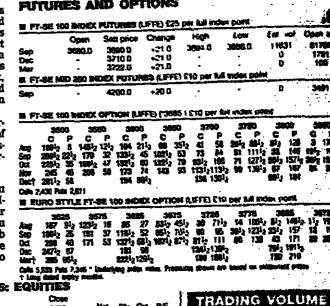
Abbey National came under pressure on a combination of market share worries and Nationwide's announcement of a cut in the standard variable mortgage rate by 0.25 per cent

Dealers suggested there was concern that Cheltenham and Gloucester's favourable figures could have a negative impact on Abbey. There was also a fear that the lowering of rates may force Abbey to follow suit, a factor many believe would have a negative impact on

All of which saw Abbey surrender 8 to 549p, after trade of 3.8m, however one analyst dismissed the concerns as "overdone and misplaced."

Speculation that European Acquisition Capital was finding it difficult to find a buyer for its 50 per cent stake in Tom Cobleigh, the regional pub

operator, was said to be responsible for its fall of 21 to



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North America (11)

to 6.49 per cent.	34	12/12, 1 1		est prices	AGU NU	Market of Co	this edition	36L			
FT - SE Actuaries Sh	iare In	dices	;					Ī	he L	iK S	eries
	Jul 25	Day's chge%	Jul 24	Jul 23	22 لاك	ago Year	Div. yield%	Net Cover	P/E	Xd edi. yad	Total Return
FT-SE 100	3564.7	+0.4	3666.6	3708.4	3681,3	3458.3	4.11	2.09	14.54	104,35	1514.39
FT-SE Mid 250	4205.3	+0.6	4182.0	4236.9	4231.0	3813.6	3.5B	1.61	21.67	119.00	1699.23
FT-SE Mild 250 ex jav Trusts	4238.3	+0.5	4215.5	4270.7	4268.9		3.65	1.64	20.64	125.49	1715.86
FT-SE-A 350	1846.5	+0.5	1838.0	1858.8	1847.6	1720.4	4.00	2.00	15.64	52.30	1551,61
FT-SE-A 350 Higher Yield	1779.2	+0.5	1770,4	1791.4	1777.9	1713.B	5.33	1.87	12.58	86.08	1254.20
FT-SE-A 350 Lower Yield	1920.9	+0.4	1912.7	1933.3	1924,3	1730.2	2,78	2.23	20.21	38.91	1333.63
FT-SE SmallCap	2092.86	+0.2	2068,65	2104.52	2104.18	1913.62	3.15	1.71	23.19	40.43	1724.17
FT-SE SmallCop ex lav Trusts	2090.85	+D.1	2087,86	2102.25	2103,41	1887.87	3,35	1,80	20.70	42,77	1733.80
FT-SE-A ALL-SHARE	1827.38	+0.4	1819,39	1839.43	1829.15	1699.83	3.93	1,98	16.05	50.47	1559,21
# FT-SE Actuaries All-9	·										
E FINSE ACCUSINGS AUN		Day's				Year	Div.	Net	P/E	Xd adj.	Total
E FISE ACCUAINS AIR			Jul 24	Jul 23	Jul 22		Div. yield%	Net cover	P/E retio	Xd adj. ytd	Total Return
10 MERCAL EXTRACTIONING		chge%	Jul 24 3489,15			ago			ratio	ylld	
	Jul 25	chge% +0.1		3499.02	3471.15	800 2968.07	yield%	COVER	17.70	yld 79.25	Return
10 MREFAL EXTRACTION(24)	Jul 25 3470.92	chge% +0.1	3489,15	3499.02 3976.11	3471.15 3973.18	800 2968.07 4109.24	yleid% 3.86	Cover 1.83	17.70 12.30	yld 79.25	Return 1495,47 1169,98
10 NEWSERAL EXTRACTION(24) 12 Editactive Industries(5)	Jul 25 3470.92 3975.83	+0.1	3489,15 3978,58	3499.02 3976.11 3601.03	3471.15 3973.18 3567.56	2968.07 4109.24 2955.20	3.86 4.04	1.83 2.52	17.70 12.30 18.08	79.25 109.19 81.84	Return 1495.47 1169.98
10 MRREPAL EXTRACTION(24) 12 Educative Industries(6) 15 Oil, Integrated(3) 16 Oil September & Prod(15)	Jul 25 3470.92 3975.83 3565.71	+0.1 +0.5	3489,15 3979,58 3585,02	3499.02 3976.11 3501.03 2511.53	3471.15 3973.18 3567.56 2483.64	2968.07 4109.24 2955.20 2029.07	3.86 4.04 4.01 2.10	1.83 2.52 1.72 1.58	17.70 12.30 18.08 37.57	79.25 109.19 81.84 34.94	Return 1495.47 1169.96 1575.66 1506.38
10 MRNERAL EXTRACTION(24) 12 Extractive Industries(5) 15 Oil, Integrated(3) 16 Oil Exploration & Prod(15) 20 GEN INDUSTRIALS(276)	Jul 25 3470.92 3975.83 3585.71 2501.11	+0.1 +0.5 +0.5	3469,15 3976,58 3565,02 2489,49 1964,29	3499,02 3976,11 3601,03 2511,53 1985,15	3471.15 3973.18 3567.56 2493.64 1978.50	2968.67 4109.24 2955.20 2029.07 2001.36	3.86 4.04 4.01 2.10 4,38	1.83 2.52 1.72 1.58	17.70 12.30 18.08 37.57	ytd 79.25 109.19 81.84 34.94 51.95	Return 1495,47 1169,96 1575,66 1506,38
10 Nameral Extraction(24) 12 Eductive Industries(5) 15 Oil Integrated(3) 16 Oil Exploration & Prod(15) 20 GEN INDUSTRIALS(276) 21 Building & Construction(34)	Jul 25 3470.92 3975.83 3585.71 2501.11	+0.1 +0.5 +0.5 +0.5	3469,15 3978,58 3565,02 2489,49 1964,29 1131,28	3499.02 3976.11 3501.03 2511.53 1985.15 1145.11	3471.15 3973.18 3567.56 2493.64 1978.50 1145.02	2968.07 4109.24 2955.20 2029.07 2001.36 1008.24	3.86 4.04 4.01 2.10 4.38 3.65	1.83 2.52 1.72 1.58 1.84 1.88	17.70 12.30 18.08 37.57 15.52 20.35	ytd 79.25 109.19 81.84 34.94 51.95 23.05	Return 1495.47 1169.96 1575.66 1506.36 1086.90 952.22
10 MRNERAL EXTRACTION(24) 12 Extractive Industries(5) 15 Oil, Integrated(3) 16 Oil Exploration & Prod(15) 20 GEN INDUSTRIALS(276)	Jul 25 3470.92 3975.83 3565.71 2501.11 1974.30 1133.02	+0.5 +0.5 +0.5 +0.5 +0.2 -0.1	3469,15 3976,58 3565,02 2489,49 1964,29	3499.02 3976.11 3601.03 2511.83 1985.15 1145.11 1874.06	3471.15 3973.18 3567.56 2483.64 1978.50 1145.02 1855.30	890 2968.67 4109.24 2955.20 2028.07 2001.36 1008.24 1851.57	3.86 4.04 4.01 2.10 4.38 3.65 4.14	1.83 2.52 1.72 1.58 1.84 1.88 1.72	17.70 12.30 18.08 37.57 15.32 20.35 17.55	ytd 79.25 109.19 81.84 34.94 51.85 23.05 47,17	Return 1495,47 1169,96 1575,86 1506,36 1066,90 952,22 942,43
10 MBRERAL EXTRACTION(24) 12 Ediractive industries(6) 15 Oil, integrated(3) 16 Oil Exploration & Prod(15) 20 GEN INDUSTRIALS(278) 21 Bolicing & Construction(34) 22 Building Matts & Marcha(26)	Jul 25 3470,92 3975,83 3565,71 2501,11 1974,30 1133,02 1852,64	+0.5 +0.5 +0.5 +0.2 -0.1 -0.7	3469,15 3978,56 3565,02 2489,49 1964,29 1131,28 1853,91 2378,76	3489.02 3976.11 3601.03 2511.53 1985.15 1145.11 1874.06 2399.46	3471.15 3973.18 3567.56 2483.64 1978.50 1145.02 1855.30 2383.35	890 2968.67 4109.24 2955.20 2028.07 2001.36 1008.24 1851.57	3.86 4.04 4.01 2.10 4.38 3.65	1.83 2.52 1.72 1.58 1.84 1.88	17.70 12.30 18.08 37.87 15.52 20.35 17.55 18.13	79.25 109.19 81.84 34.94 51.95 23.05 47,17 62.26	Return 1495,47 1169,96 1575,66 1506,36 1098,90 952,22 942,43 1126,70
10 MINDERAL EXTRACTION(24) 12 Extractive Industries(5) 15 OR, Integrated(3) 16 OF Explanation & Prod(15) 20 GEN INDUSTRIALS(279) 21 Building & Construction(34) 22 Building Matis & Mercha(26) 23 Citemicals(25)	Jul 25 3470.92 3875.83 3565.71 2501.11 1974.30 1133.02 1852.64 2360.51	+0.1 +0.5 +0.5 +0.5 +0.2 -0.1 -0.7 +1.2	3469,15 3978,56 3565,02 2489,49 1964,29 1131,28 1853,91 2378,76	3489.02 3976.11 3601.03 2511.53 1985.15 1145.11 1874.06 2399.48 1483.66	3471.15 3973.18 3567.56 2483.64 1978.50 1145.02 1855.30 2383.35 1488.56	2968.67 4109.24 2955.20 2029.07 2001.36 1008.24 1851.67 2478.03 1842.25	3.86 4.04 4.01 2.10 4.38 3.65 4.14 4.28	1.83 2.52 1.72 1.58 1.84 1.68 1.72 1.61	17.70 12.30 18.08 37.67 15.52 20.35 17.55 18.13 10.54	ytd 79.25 109.19 81.84 34.94 51.85 23.05 47,17	Return 1495,47 1169,96 1575,86 1506,36 1086,90 952,22 942,43 1126,70 838,26
10 Newseral Extraction(24) 12 Eductive Industries(5) 15 Oil Integrated(3) 16 Oil Exploration & Prod(15) 20 GEN (INDUSTRIALS(276) 21 Building & Construction(34) 22 Suilding Matts & Marcha(26) 23 Chemicala(25) 24 Observiced Industrials(15)	Jul 25 3470.92 3875.83 3565.71 2501.11 1974.30 1133.02 1852.64 2360.51 1484.88	+0.1 +0.5 +0.5 +0.5 +0.2 -0.1 -0.7 +1.2 +0.8	3469,15 3978,56 3565,02 2489,49 1964,29 1131,28 1853,91 2376,76 1467,12	3499.02 3976.11 3601.03 2511.53 1985.15 1145.11 1874.06 2399.46 1483.66 2304.26	3471.15 3973.18 3567.56 2483.64 1978.50 1145.02 1855.30 2393.35 1488.56 2285.67	2968.67 4109.24 2955.20 2029.07 2001.36 1008.24 1851.67 2478.03 1842.25 2055.50	3.86 4.04 4.01 2.10 4.38 3.65 4.14 4.28 7.01	1.63 2.52 1.72 1.58 1.64 1.68 1.72 1.61 7.69	17.70 12.30 18.08 37.57 15.52 20.35 17.55 18.13 10.54 22.95	yld 79.25 109.19 81.84 34.94 51.95 23.05 47,17 62.26 58.29	Return 1495,47 1169,98 1575,86 1506,38 1098,90 952,22 942,43 1126,70
10 MBNERAL EXTRACTION(24) 12 Eduactive Industries(6) 15 Oil, Integrated(3) 16 Oil Exploration & Prod(15) 20 GEN (INDUSTRIALS(276) 21 Building & Construction(34) 22 Building Matts & Mercha(26) 23 Chemicala(25) 24 Obversified Industrials(15) 25 Electronic & Sact Equip(37)	Jul 25 3470,42 3975,83 3565,71 2507,11 1974,30 1133,02 1855,64 2360,51 1484,98 2304,58	+0.1 +0.5 +0.5 +0.2 -0.1 -0.7 +1.2 +0.8 +1.0	3469,15 3676,58 3565,02 2489,49 1964,29 1131,26 1853,91 2376,76 1467,12 2290,68	3499.02 3976.11 3601.03 2511.53 1985.15 1145.11 1874.06 2399.48 1483.66 2304.26 2417.82	3471.15 3973.18 3567.56 2483.64 1978.50 1145.02 1855.30 2383.35 1488.56 2285.67 2408.62	2968.67 4109.24 2955.20 2029.07 2001.36 1008.24 1851.67 2478.03 1842.25 2065.50 2081.77	3.86 4.04 4.01 2.10 4.38 3.65 4.14 4.28 7.01 3.38	1.83 2.52 1.72 1.58 1.84 1.68 1.72 1.61 7.69	17.70 12.30 18.08 37.57 15.52 20.35 17.55 18.13 10.54 22.95	yid 79,25 109,19 81,84 34,94 51,95 23,05 47,17 62,26 56,29 55,84 48,78	Return 1495,47 1169,98 1575,86 1506,38 1086,90 952,22 942,43 1126,70 838,26 1211,13
10 MRNERAL EXTRACTION(24) 12 Extractive Industries(8) 15 OR, Integrated(3) 16 OF Exploration & Prod(15) 20 GEN INDUSTRIALS(279) 21 Building & Construction(34) 22 Building & Construction(34) 23 Chemicals(25) 24 Diversified Industriats(19) 25 Electronic & Sect Equip(37) 26 Engineering(71)	Jul 25 3470.92 3875.83 3565.71 2501.11 1974.30 1133.02 1852.64 2360.51 1484.88 2504.58 2413.63	+0.1 +0.5 +0.5 +0.2 -0.1 -0.7 +1.2 +0.8 +1.0	3469,15 3676,58 3565,02 2489,49 1964,29 1131,26 1853,91 2376,76 1467,12 2290,68 2390,12	3489.02 3876.11 3601.03 2511.53 1985.15 1145.11 1874.06 2399.46 1483.66 2304.26 2417.62 2949.25	3471.15 3973.18 3567.56 2483.64 1978.50 1145.02 1855.30 2383.35 1488.56 2285.67 2408.62 2930.69	890 2968.67 4109.24 2955.20 2029.07 2001.36 1908.24 1851.67 2478.03 1842.25 2055.50 2081.77 2451.68	3.86 4.04 4.01 2.10 4.38 3.65 4.14 4.28 7.01 3.38 3.31	1.83 2.52 1.72 1.58 1.84 1.88 1.72 1.81 7.89 1.61 2.44	17.70 12.30 18.08 37.57 15.52 20.35 17.55 18.13 10.54 22.95 17.69	yid 79,25 109,19 81,84 34,94 51,95 23,05 47,17 62,26 56,29 55,84 48,78	Return 1495,47 1169,98 1575,86 1506,36 1086,90 952,22 942,43 1126,70 838,26 1211,13 1474,10

1.83 17.18 85.77 1310.38 1.62 16.46 97.04 995.78 1.85 15.88 68.20 1114.05 2.15 14.50 55.43 950.64 2.15 25.15 15.56 1225.18 1.76 21.94 91.18 1763.02 2.12 9.72 158.18 1052.21 30 CONSUMER GOODS(81) +0.4 3507.96 3553.47 3520.72 3283.92 +0.4 \$507.85 3553.47 35521.72 3253.82 +0.1 2694.15 2711.35 2702.81 2906.42 +0.1 2443.19 2458.09 2450.37 2548.92 +0.4 2467.58 2502.37 2506.44 2704.88 +0.3 2011.34 2050.74 2051.43 1857.98 +0.8 6138.84 5258.24 6758.78 4181.93 4.68 4.25 4.02 2.70 3.24 6.07 32 Alcoholic Beverage 33 Food Productes(24 34 Household Goods(1 Foo.
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BUILDING SOCIETY 61/2 BONDS 1999 Notice is hereby given that the

IRISH PERMANENT

semi-annual dividend on the Irish Permanent Building Society's 61/48 Bonds 1999 is payable on 10th August 1996. The record date for this purpose (as defined in Article 4 of the Terms and Conditions of the Bonds) is 26th July 1996. The Bonds will go ex-dividend on 10th August 1996 and payments will be posted on 9th August 1996. Payments will be effected through Bank of Ireland. Registration Department, 4th Floor, Hume House, Ballsbridge, Dublin 4 who are registrar for P O Sullivad

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European Coal and Steel

¥11,200,000,000 Floating rate notes 2001

Notice is hereby given that for the interest period 26 July 1996 to 27 January 1997 the notes will carry an interest rate of 1.675% per annum. Interest payable on 27 January 1997 will amount to ¥860,764 per ¥100,000,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

By: The Chase Ma July 26, 1998

U.S. \$75,000,000 **SWEDBANK** (Sparbankemas Bank) Subordinated Floating Rate Notes due 1997 Notice is hemby given that for the three months interest Period from July 26, 1896 to October 26, 1896 to Parkets Released Parkets Released 15.877% per annum. The interest parkets on the released to the second threat parkets on the released to the second threat our parkets on the released to the second threat our parkets on the released to the second threat our parkets on the released to the second threat our parkets on the released to the second threat our parkets on the released to the second threat our parkets on the released to the second to the second

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per cent. per annum. The coupon amount due for this partied is USD 1,569,31 per denomin-sion of USD 100,000 and is payable on the interest payment date October 28th, 1966.

Notice is hereby given that the rate of interest for the period from July 26th, 1996 to October 28th, 1996 has been food at 6.125

MGI Secured Obligations Ltd. MGt Secured Obligations II, Ltd. announced on July 17, 1996,

offers to repurchase, respectively, MGI ECU Bonds due 1998 MGI (Series II) ECU Bonds due 1998

Copies of the Offer document have been mailed

to registered bondholders and are available at the Fiscal Agent, Kredietbenk S.A. Luxembourgeoise

FINANCIAL TIMES

Les Echos

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New of FT-SE 100 Day's high: \$201 AM Day's Ion; 10:47 AM, FT-SE 100 1980 High: 3857.1 (1949476) Low: 3864.2 23/01/200 ■ FT-SE Actuaries 350 Industry baskets Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.10 Close Pro

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NASDAQ NATIONAL MARKET

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Financial Times. World Business Newspaper.

brings buyers back into Dow

estimates.

17.13 at 1,059.50.

time high, recorded in early

Yesterday's gains in the

technology sector came in spite

of a gloomy third quarter fore-

cast from US Robotics. Shares

in the modem maker tumbled

\$10% or 16 per cent to \$55%

after the company reported

stronger than expected second

quarter earnings but said that

t expected revenue growth to

All four of the largest capi-talisation shares on the Nas-

daq, however, posted strong

gains. Micorsoft climbed \$2% at \$117, Intel added \$2% at \$71%.

Cisco Systems was \$% stronger

Toronto tracked the firmer

Wall Street and the TSE-300

composite index was 24.72

higher by noon at 4,905.00 in

cents to C\$40.70 on news of its

agreement to restructure its

Asian operations with Nippon

Light Metal. Under the deal,

Nippon and Alcan will form a

cents to C\$15.50; both reported

weak second quarter earnings.

week were attributed chiefly to

However, as the Dow and US

treasuries rallied early in New

and ADRs nosedived on reports

after a firm opening and, by

noon, the IPC index was 4.23

weaker at 2,938.80. Televisa

CPO fell 1.1 per cent to 93.80

MEXICO CITY turned back

Wall Street.

of the showdown

Canadian Pacific rose 75

Alcan Aluminium rose 50

volume of 30.9m shares.

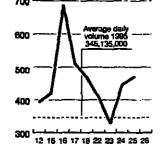
slow in the third quarter.

Wali Street

US share prices were sharply higher by midsession yesterday as a healthy earnings report from IBM helped to bring buyers back into the market, writes Lisa Bransten in New York

At 1 pm, the Dow Jones Industrial Average was 51.04 higher at 5,405.73, due in large





part to soaring shares of IBM. The more broadly based Standard & Poor's 500 added 4.86 at 631.51 and the American Stock Exchange composite was up

July 1996

Volume on the New York Stock Exchange came to 235m Shares in IBM, which is a

component of the Dow, soared \$1014 at \$10114 after the computer company reported second quarter earnings of \$2.51 a share, 7 cents ahead of analysts' estimates.

That, combined with Wednesday's strong second quarter report from Compaq Computer, helped to restore faith in some parts of the technology sector, nearly all of which had been badly beaten down since the start of the

Compaq added \$2% to the \$3 it rose on Wednesday, bringing the shares to \$50%. IBM and Compaq were the two most actively traded shares on the NYSE at midsession.

Other components of the cents to C\$29.20. **Buenos Aires down 2.2%**

Buenos Aires was 2.2 per cent at 520.96. Losses of 4.8 per cent lower at midsession on over the first three days of the renewed speculation that Mr Domingo Cavallo's days as economy minister might be numbered, after reports of another row with President

Carlos Menem. The row, denied by government officials, was widely reported and fuelled speculation that Mr Cavallo may be on his way out after his unpopular social tax reforms two weeks ago. The Merval index

pesos on weaker than expected was 11.88 down by midsession second quarter profits.

Renewed strength on Wall Street, combined with a technical rebound in the industrial sector, pushed Johannesburg

Brokers said that overseas investors were keep buyers of gold stocks suffered from late selling on a slip in the bullion

to 6.655.7 and industrials added 53.1 to 7.872.7 while

The overall index rose 27.1

S Africa industrials rebound Foreign participation was said to be particularly evident in Sappi, the forest products concern, which gained 30 cents

to R45.05 in comparatively

hefty volume of 482,500

sbares. Other stocks in the industrial sector to enjoy attention included South African Breweries, up R2.25 to R123.25, and the construction and engineering group. Murray & Roberts. which climbed 45 cents to

Healthy IBM Mood in Philips swings from misery to hope

Misery turned to hope for Philips shareholders, and all within one session. In the morning, the electronics group hit an early low of F1 45.50, down 6 per cent on virtually halved second quarter net profits from normal operations; in the afternoon it closed 6 per cent higher, up Fl 2.90 at Fl 51.30 after the group said Dow to report yesterday included Boeing, which rose that it would cut 6,000 jobs at \$1% at \$87 after reporting operits Sound & Vision business ating earnings 1 cent ahead of over the next 18 months. expectations, and Walt Disney,

which added \$% at \$54% on The broad AMSTERDAM earnings in line with analysts' market produced the best result of the day, the AEX Among Nasdaq stocks, there index closing 10.81, or 2.1 per cent higher at 523.61. Finanwere also signs of renewed interest in some technology cials were boosted by strength in world bond markets on posishares as the index climbed tive US economics figures, ABM Amro putting on F11.60 at FL 83.80, and Amev F12.10 at By Wednesday, the Nasdaq was nearly 207 points off its all

However, an earlier outperformer, the software group, Baan, produced only a minor recovery in spite of excellent results from its bigger German competitor, SAP. Baan shares rose Fl 1.70 to Fl 47.60 but they had dropped F19.40, or 17 per cent on Wednesday after a US broker downgrade.

FRANKFURT was subdued spite of excellent half year figures from Commerzbank and SAP, and in spite of recent overweight recommendations: for the broad market, from James Capel, which maintained its bullish stance; and,

Ibis-indicated 2,464.51, turnover easing from DM8bn to DM7.4bn. Commerzbank put on 80 pfg at DM384.80 after a 47 per cent lift in half year profits; and SAP recovered a third of Wednesday's DM10.50 loss, closing DM3.50 higher at

from CS First Boston.

for the banking sector, after

four years of underperform-

The Dax index rose 5.38 to an

from Merck Finck and

Share prices (guilders):

10 percentage points, said Mr Eckhard Frahm at Merck Finck. The Bundesbank's decision to leave key interest rates unchanged, said Mr Frahm, was less of a depressant than

DM211 although its 60 per cent

profits growth rate exceeded

concensus estimates by some

and the rise of the D-Mark FFr130.10 ahead of its delayed assainst other customer currenters. FFr130.10 ahead of its delayed results next week. Cap Germini, against other customer curren-cies, both yesterday and over the last 10 days.

However, the Düsseldorf broking house still thought that the Dax could hit the 2,700 to 2,750 range later this year; that a 2 per cent rise in the dollar could do the trick; and that takeover speculation would lift the banking sector after Dentsche Bank's announcement that it holds a 5.21 per cent stake in Bayerische Vereinsbank.

PARIS saw another series of block trades, and turnover stayed high at FFr8.87bn. Otherwise, the first day of the new account celebrated gains on Wall Street, and the CAC-40 index closed 20.57 higher at 1.974.67.

Docks de France, the retailer, accounted for FFr4.12bn of the turnover figure as it came back from suspension FFr48 higher at FFr1,270, matching the raised bid from Auchan. Lagardere extended its run,

leading the key index with a gain of FFr5.80, or 4.8 per cent to FFr126.30, after a high of FFr130 on news that the British and Franch defence ministries had awarded the Storm Shadow cruise missile order to the group's Matra subsidiary, and to BAe Dynamics. Remy Cointreau came off the

bottom, rising FFr2 to

Institute and and the compos-

Samsung Electronics spear-

ite index lost 12.19 at 820.29.

while Posco, the steelmaker,

the information technlogy group, soared FFr13.90, or 7.1 per cent to FFr210.50 on a report that Daimler-Benz's

majority control. ZURICH staged a rebound, recouping more than half of Wednesday's dive, as investors shrugged off the weaker dollar and were instead prompted by this week's falls to begin bargain hunting. The SMI index picked up 54.8 to 3.537.4.

Roche certificates, which fell almost 4 per cent on Wednesday, recouped SFr145 to

Banks also continued to move back into the limelight ahead of the interim results season next month. ITBS advanced SFr20 to SFr1,185, CS Holding gained SFr2.50 to SFr126 and SBC added SFr1.25 to SF1228.75.

The more positive tone which were led up by a SFr18 rise to SFr1,200 in Swiss Re. Nestlé continued along its recently more positive route. rising SFr24 to SFr1.884. SMH was SFr19 higher at SFr807. Goldman Sachs, which

reinitiated coverage of the stock with a market outperformer recommendation, estimated a 12 month total return of about 10 per cent.

10.30 11.00 12.00 13.00 14.00 15.00 Gaze FT-SE Barotrack 100 1598.91 1598.29 1598.41 1600.05 1597.52 1598.48 1597.55 1596.08 FT-SE Barotrack 200 1653.32 1651.18 1651.92 1652.47 1647.75 1650.36 1652.17 1650.66 Jul 24 Jul 28 Debis unit wanted to obtain

> electronics retailer, continued L758.6, after falling to an early its recent recovery, jumping last week, the company said that it could avoid seeking legal protection from creditors by selling its French activities, and a majority stake in Porst Holding to Belgium's Spector

group.

MILAN was unable to shake off Wednesday's gloomy response to the long awaited interest rate out and the day's further speculative selling was attributed to weak bonds and

The Comit index lost 4.05 to 605.22 while the real-time Mibtel index closed near its low for the day, down 107 at 9,742.

Among blue chips regarded as proxies for the Italian market, Eni lost L108 to L6,583 and Fiat was L58 down at 4,665. The telecommunications sector, also widely held by foreign investors, saw Telecom Italia L69 weaker at L2.915.

Olivetti, however, managed

1736 as second quarter results on its personal computer operations raised doubts about full year figures.

Mediaset, which had been on a downward path for the previ-

ous four sessions, bounced L154 to L7,008, taking it back just above its L7,000 offer price. MADRID's banks were the centre of attention as the general index rose 2.66 to 354.03. BCH rose Pta65, or 2.7 per cent to Pta2,490 ahead of better than expected first half profits, which appeared after hours; but Argentaria lost Pta105, or 2.1 per cent to Pta4,945 on initial reactions to its own prog-

ress report. DUBLIN took its tone from the firm London and New York markets and the ISEQ index picked up 19.24 to 2.414.46. Among the financials, AIB rose 6p to 323p and Bank of Ireland collected 5p to 415p.

Written and edited, by William Cochrene and Michael Morgan

Economic concerns prompt 2.2% tumble in Bangkok

There was more grief for BANGKOK yesterday as the Bank of Thailand revised down expected GDP growth for the year from 8.3 to 7.8 per cent, revised the expected current account deficit upwards and lifted its inflation forecast from 4.9 to 5.5 per cent.

new company and Nippon will The SET index finished 25.02, or 2.2 per cent lower at a 33-month low of 1,118.96 in moderbuy Alcan's stake in Toyo Alu-Noranda was 10 cents ate turnover of Bt5.1bn. The weaker at C\$26.40 on news of expectation of poor second quarter earnings continued to haunt the market. The finance, sharply lower second quarter net profits, attributed to weak commodity prices.
In the forestry sector, energy and banking shed 2.7. 2.4 and 2.0 per cent respec-Avenor lost 50 cents to C\$21.90 and Stone-Consolidated fell 15

Tokyo

Wall Street's recovery from early lows encouraged investors and the Nikkei average, which posted its largest fall of the year on Wednesday, rebounded by 1.2 per cent, writes Emiko Terazono in

Tokyo, The 225 index rose 252.81 to 20,883.84 after trading between 20,638.16 and 20,978.80. Investment trusts placed index-York, Argentine Brady debt linked buying orders while small lot bargain hunting by domestic institutions also supported share prices.

Volume totalled 343m shares against 273m. The Topix index of all first section stocks rose 8.73 to 1,590.44 and the Nikkei 300 by 2.08 to 293.98. Advances led declines by 612 to 424 with 185 unchanged. In London, the ISE/Nikkei 50

index rose 1.51 to 1,401.73. Overseas investors, who had been taking profits over the past few weeks due to the vola-tility on Wall Street, remained sellers. Net trading figures released by the Tokyo stock exchange yesterday high-lighted recent activity by foreigners. Foreigners' net selling during the week of July 15 totalled Y107.8bn, up from

Y8.3bn a week before. Traders said that the overseas selling was led by US mutual fund managers and European pension funds,



which unloaded international blue chips including Toyota Motor, Hitachi and Toshiba. Technologies closed higher. Hitachi gained Y10 to Y980, Toshiba Y3 to Y718 and NEC Y20 to Y1,100. Car stocks also gained ground. Toyota Motor rose Y30 to Y2,470 and Honda Motor added Y40 to Y2,530.

Financials were supported as fears of rising interest rates receded. Banks were steady with Industrial Bank of Japan up Y10 to Y2,410 and Dai-Ichi Y1,810. Brokers, which had been battered by the recent sluggishness in daily trading volumes, picked up. Nomura Securities gained Y20 to Y1,880 and Daiwa gained Y30 to Y1,270.

Steels inched up on active trading. Nippon Steel, the most active issue of the day, rose Y1

In Osaka, the OSE average rose 42,38 to 22,015.73 in volume of 26.6m shares.

Roundun

Heavy selling was seen in KARACHI as political worries emerged after 14 opposition parties accused the government of misrule and called for new elections under a neutral administration. The KSE-100

BOMBAY made a spirited early effort to move shead after the sharp losses of the previous two sessions, but late lost Won600 to Won50,200. profit-taking wiped out the gains and the BSF-30 index fin-LG Electronics fell Won600 to Won15.700 with a sharp rise

in its forthcoming interim earnings already discounted. ished 22.78 lower at 3,559.78. KUALA LUMPUR was under pressure from rumours of a TAIPEI saw most of its forsharply higher trade deficit in May and stories, subsequently eign fund favourities lower as the weighted index ended 61.67 denied, that the Malaysian lower at 6,034.07 in turnover of prime minister was seriously ill. The composite index fin-T\$35.11bn. United Microelectronics fell 80 cents to T\$83.50 ished 3.49 lower at 1.092.82. but and China Steel by 40 cents to up from an intraday low of T\$26.10.

The fall came in spite of SEOUL was weak on a downnews that Dow Jones had beat economic growth forecast increased the weighting of Taiwan's stock index in its world index to 0.8 per cent from the Korea Development from 0.24 per cent, and in its headed falls in the blue chips, cent from 0.77 per cent, falling Won2,500 to Won70,000

Asia-Pacific index to 1.0 per MANILA saw tentative buying after Wednesday's 3 per rising 11.89 to 3,087.25. Sime Darby Pilipinas, a unit of the eponymous Malaysian

conglomerate, leapt 2.50 pesos,

or 11.4 per cent to 24.50 on speculation it that it would soon announce diversification from tyre-making into other fields, perhaps real estate. HONG KONG spent an uncertain session as Wall Street's volatility kept inves-

tors sidelined. The Hang Se index rose just 7.11 to 10,706.97 after Wednesday's 165 point slide, in turnover that dipped to HK\$3.8bn.

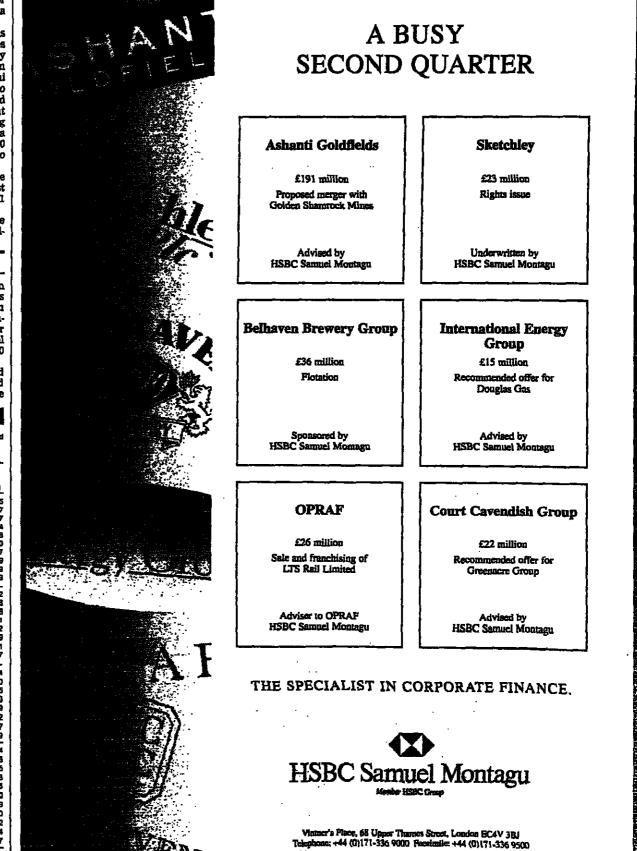
SINGAPORE remained depressed by a lack of buyers and the Straits Times Industrials index fell 9.75 to 2,127.38, off the day's high at 2,153.61.

stocks rose marginally but in thin volume. Both UOB Foreign and OCBC Foreign ended up 20 cents at S\$12.60 and S\$16.20 respectively.

SHANGHAI's hard currency B share index picked up 1.1 per cent, reflecting a strong performance by Shanghai Lujiazui Finance. The index was 0.544 higher at 51.112 as Lujiazui rose 1 cent to 80 cents.

The local currency A index lost 2.3 per cent on news that? the China Securities Regulatory Commission had issued new regulations on interim earnings, including a clause to prevent listed companies from giving over-generous returns

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REGIONAL MARKETS -			WED!	NESDAY	JULY 24	1996				TUESDA	Y JULY :	23 1996 -		DC	LLAR INI	DEX
Figures in parameters	US	Day's	Pound			Local	اهميا	G1033	US	Pound			Local			Year
show number of lines	Coller	Change	Starkey	Уел	DM	Currency	+ chg	DIV.	Doller	Starting	Yen	DM	Currency	52 week !	52 week	A90
of stock	Index	<u>~</u>	Index	Index	hrden	Index	on day	Yetd	Index.	Index	lucies:	Index	Index	High	Low	(approx)
Australia (30)	. 191 69	-1.1	192 85	130 99	148.26	161,24	-1.1	4 47	783.B1	185,28	132.26	150.10		212.18	177-98	180.85
Austria (24)	.176,64	-38	758 50	:20 61	136.62	136 56	-0.9	2.08	177.99	170,15	121.46	137,85	137,79	198.62	166.11	198.67
Belgium (27)	208 99	-13	19.3	141 26	160 CQ	156 47	-1.1	4 26	208 94	199.74	142.58	161.62	158.21	215,81	186.08	198.47
Brazzi (28)		-2,3	196.33	111.06	134 26	323.72	-2.2	2.01	178 43	170,57	121.75	138.19	330.90	189,70	123.97	138,84
Carusta (120)	. 154,12	-0.7	143 C1	105 23	119.20	153 11	-0.7	2.34	155.21	148,37	105.91	120.20	154.12	165,12	134,14	147.98
Denmark (30)	203 46	-1,5	282 47	297 21	234.71	236.81	-1.6	1.94	308.02	294,46	210.19	238.55	240.66	309.34	276.89	285.50
Finland (23",	186 67	-2,-	173 GB	127 46	144 38	177 25	-2.8	2.82	191.83	183.29	130.91	148,57	182.29	278,11	171.73	256.87
Franco (35)	. 186.34	-1,3	:79 32	127 64	144 58	147.76	-1,4	3.26	189.42	181.08	129.28	145.70		198.39	167.70	187.99
Germany (59)	. 168.70	- ⊋8	160 92	115 19	130 47	:30 47	-0.9	1.90	170.02	162.53	116.02	131.67	131.67	174,38	155 68	164.89
Hong Keng (59)	A12.56	-16	33391	281 97	313.33	41301	-1.6	3 49	419.82	401,23	286.48	\$25.14	416.69	451,19	346,81	365.69
Indonésia (27)	200.89	-17	191 61	37 '5	155 36	287.09	-1.7	1.59	204.43	195.43	139.50	158.33	291.95	_	-	-
Ireland (16)	£70.08	-2.9	257 (92	164.41	208 89	235 75	-12	3.64	272.84	260.64	186.05	211.16		290.82	235.88	241,22
maty (58)		-2,2	72 09	53.	59 27	86 BZ	-19	2.55	78.32	74.87	53 44	60.68		84.53	67.22	79.08
Japan (481)	, 146 50	-1.5	139.74	100,00	115.31	120 03	-:8	0.76	149,24	142.67	101.84	115.58		164,68	137.75	152.68
Maleysia (107)	.541.37	-1.4	516-1	369.65	418 71	518 68	-1.4	1.73	548.88	524.71	374.55	425.08		585.09	426.77	538,01
Merco (18)		~2.1	1075 56	760 30	872 C8	9389 63	-19	1 41	1151.54	1100.83	785.80	891.84		1325.65	791.99	1195.32
Notherland (19)	.279.85	-21	266 98	191 "1	216 47	213.36	-22	138	285.91	273.32	195.10	221.43	218.09	299.69	245.79	263,49
New Zealand (151		10	77.87	55.74	63 14	62.28	0.6	4.36	80.82	77.26	55.15	62.59	61.69	84,71	75.94	83.71
Nones: (35)	246.75	-1,8	235 37	168.45	130 84	214 18	-1.7	2.11	250.72	239.68	171.09	194,17	217.85	258.04	222 24	239.57
Phagones (22)	201,54	-3.1	192.24	13761	155.88	263 04	-31	0 62	206.07	199,91	141.98	161.14	271.52	_	-	-
Singapore (44)		4ر1_	363.55	203 31	.9883	252 19	-15	1.51	301.75	374.5D	267 33	303 40	255.99	465.21	355,81	365.54
South Africa (44)	338.63	-1.9	223.21	231 35	262 06	327 63	-21	2.26	345.48	330.26	235.75	267.56	334.59	437.7E	338.83	345.1D
Spain (37)	173 60	-1.4	165 63	119 54	134.27	165.64	-1.5	3.52	176.04	168.29	120.13	136.34		183.85	145.15	
Sanden (48)	.354 35	-19	218 23	228 30	.58 CC	324.59	-23	283	340.91	325.90	232.64	264.03		380.77	280.13	284.83
	.233.95	-3.1	223.16	159.74	180 95	175.82	-32	1.69	241.48	230.86	164.79	167.03		262.34	181.24	202.79
	152.20	-2.0	145.18	103.92	117.71	149,27	-21	2.21	155.37	148.53	105.03	120.33		193.05	146.74	174.22
	231.01	-0.9	220 30	157.74	18.3	220.36	-1.1	4.26	233.05	222.78	159.03	180.48		237.48	218.52	221.87
		-0.1	24154	73.37	197.68	254.79	-0.1	2.31	255.01	243.78		197.50				
USA (626)	. 234 /9	-0.1		173.3	197 00	234.19	-0.1	2.31	235.01	243.70	174.02	197.50	255.01	276,47	228,74	226.99
Americas (792)	233 09	-0.2	222 34	159.15	160.26	136.02	-01	2.31	233 45	223.17	159.30	190.80	196.31	252.43	208.19	208,34
Europe (708)		-1.5	195 27	139.76	158 33	176.31	-16	321	207.65	198,50	141.70	160.62		213,30	189.33	195.86
Norde (136)		-13	279 01	150 00	225 42	249.33	-22	2.48	297 13	284.05	202.76	230.12		308.61	281,13	275.56
Pacific Basin (883)		-1.8	151,03	109 59	122 33	119.80	~1.7	1,24	181.85	154.72	110.45	125.35		177.01	148.88	163.13
Euro-Pacific (1588)	.177.34	-1.6	:69 7-	121.52	137 63	135.60	-1 B	2 1B	180 62	172.85	123,39	140.04		190.57	166.51	178.66
North America (746)		-C:	237 18	167.19	192.31	248.05	-0.1	232	248.84	237.98	100.87	192.80		389.52	221.79	222.10
Europe Ex. UK (509)	185 65	-1.7	177.09	26.76	143.59	150 91	-1.8	2.64	188.88	180.56	128.89	146.28			169.65	177.19
		1.4	262 27	197.70	212.61	236 39	-1.4	3.10		268.49	190.23			194,85		
Pagric Ex. Japon (339)	179.10	-18	170 B4	122.29					278.77			215.90		296.68	243.59	260.80
					1,6.52	139.38	-16	2 18	181 96	173.94	124,17	140.92		191.55	167.38	177.52
World Ex. UK (2225)	. 99 13	-1.3	190 37	136.27	154 37	165.31	-1.0	2.03	201.52	192.65	137.52	156.07	169.95	213.05	185,61	189.84
World Ex. Japan (1943)	233 10	-0.7	222.35	159.16	160.29	219.61	-17	2.67	<u>234.73</u>	224,40	160.18	181.79	221.24	247.55	212,62	215.07
The World Index (2424)	202 32	-10	193 50	:18 :5	156,48	173.02	-10	2.24	204 28	195.29	139,40	158.21	174,73	214.95	188.49	192.45

Controlly, FT-SE Interreporter Limited, Seldmain Sache Mid Co. and Sumalary 5 Poor's, 1906, Askington returned, "FT-SE Interreporter Limited, and Francis Times Unified and Standard & Poor's Conserved Standard S

